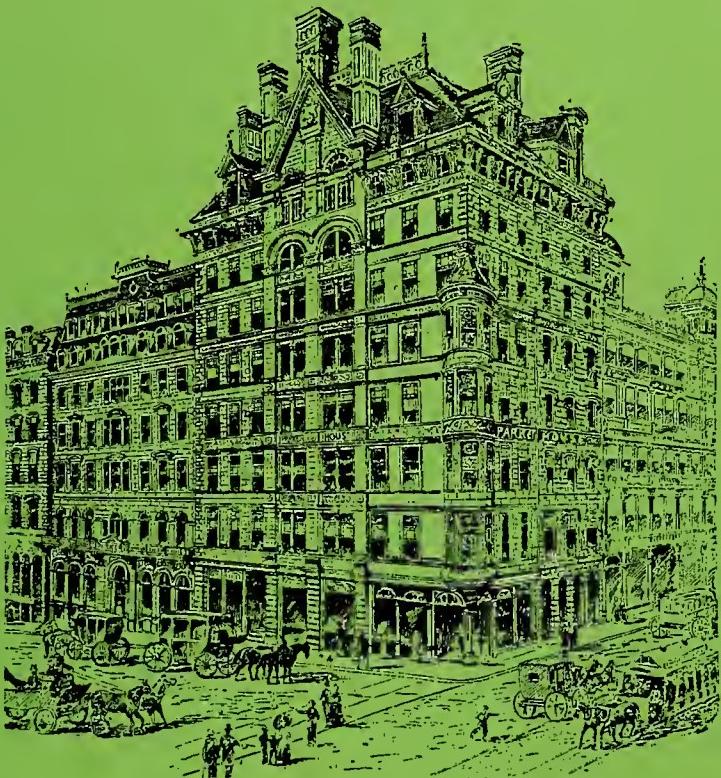


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# HOTEL AND CONVENTION CENTER DEMAND AND SUPPLY IN BOSTON— PAST, PRESENT AND FUTURE

CITY OF BOSTON / Kevin H. White, Mayor  
BOSTON REDEVELOPMENT AUTHORITY /  
Robert J. Ryan, Director

MARCH 1979

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HOTEL AND CONVENTION CENTER DEMAND AND SUPPLY IN BOSTON  
- PAST, PRESENT AND FUTURE -

Jason Edward Kelly  
Sara E. Wermiel

Boston Redevelopment Authority  
Research Department

March 1979

Kevin H. White, Mayor  
City of Boston

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CITY OF BOSTON  
OFFICE OF THE MAYOR  
CITY HALL, BOSTON

KEVIN H. WHITE  
MAYOR

March 26, 1979

FOREWORD

Kevin H. White, Mayor  
City of Boston

I am pleased to commend this report on Hotel and Convention Center Demand and Supply; Past, Present and Future to all who are concerned with the building of a better Boston.

This report illustrates why a Mayor, - especially this Mayor -, should be interested in hotel development. The modern history of Boston and its great periods of growth and revival can be written in terms of the epochs of hotel construction, - the Copley Plaza (1912), the Parker House and the Ritz Carlton (1927), the Sheraton Boston (1965 and 1975) -, for example. As this study indicates, new hotel and convention center development will play an important part in Boston's future. Hotel development has been and will be a vital part of city building.

Boston has come a long way since the dark days of decay and decline of the thirty-year depression following 1929. Much of the City's Downtown economic base and Neighborhood capital improvements are new, built since 1960. And our older heritage is being preserved.

As Mayor, I have focused on the revitalization of Boston's neighborhoods with a broad flow of public improvements, the revival of the City's economy through inducements and plans for Downtown development, and the struggle with the State government and the legislature for fairness in dealing with our fiscal burden. These are all critical elements in planning for the City's future.

Now, with this great potential in development, Boston can be the kind of hotel and convention city it chooses to be. The development opportunities are substantial and important, but the planning needs are challenging and will require the best talent in the public and private sectors.

A handwritten signature in black ink, appearing to read "K. H. White".

Kevin H. White  
Mayor



# Boston Redevelopment Authority

Robert J. Ryan, Director

March 26, 1979

## PREFACE

Robert J. Ryan, Director  
Boston Redevelopment Authority

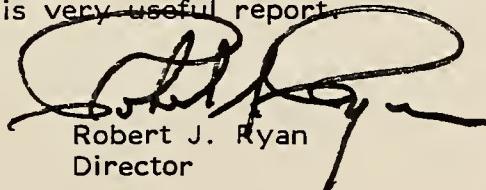
It is my pleasant duty to head the Boston Redevelopment Authority at a time of widening opportunities and intensified developer interest in building the new Boston. Nowhere is the horizon brighter than in the potential growth in hotel and convention center development.

This report considerably advances our knowledge and understanding of Boston's hotel and convention center industry. It gives us background information essential for the development process. Here, we explore the history of hotel development, demand for hotel and convention space, existing resources, developer proposals, and the overall consideration of public policy and planning.

With this kind of comprehensive foundation, we can make decisions for Boston that have the most positive impact on economic conditions. Building hotels does not just mean accommodations for visitors. It means construction, service and management jobs. It means tax revenue and tourist and convention business. The location of hotel sites has economic impact on communities. The kind of facilities available effects the perception of Boston on a national, and even international, level.

This potential growth of the convention and tourist industry is but one sign of a healthy city. In this ambitious work in the days ahead, we are pleased to be a part of the planning and development team working with Mayor Kevin H. White and city agencies. The mayor has been in the forefront of the battle for Boston's economic revival and neighborhood revitalization.

I wish to express my appreciation to the many individuals who have contributed to the preparation of this very useful report.



Robert J. Ryan  
Director



# Boston Redevelopment Authority

## Acknowledgments

Many thanks are due Marie Clarke, Paul Lanigan, Daniel Mitchell and Betsey Neer of the Greater Boston Convention and Tourist Bureau, who provided much of the primary data used in the study. James Kindahl, of the University of Massachusetts, Amherst; Frank Shaw of the Massachusetts Bureau of Travel and Tourism; and Gail Rotegard of the Mayor's staff were consulted on various aspects of the work.

At the Boston Redevelopment Authority, Laurence Koff shared his information on the subject of the study and both he and Christopher Carlaw reviewed and commented on the report at various stages. Peter Menconeri and Marc Older were also consulted on a number of questions. Fran Larson and Charles Westfield assisted with the research. Grateful appreciation is due Catherine Carroll, as well as the staffs of the BRA Word Processing and Mapping Departments for their assistance in producing the manuscript and charts, and the staff of the BRA Library. Ann Hoffman provided a much appreciated critique.

Jason Kelly and Sara Wermiel, the authors of the study, merit special commendation.

Alexander Ganz  
Research Director



## Table of Contents

	Page
FOREWORD - Kevin H. White, Mayor	i
PREFACE - Robert J. Ryan, Director	ii
ACKNOWLEDGMENTS - Alexander Ganz, Research Director	iii.
SUMMARY	v
I. INTRODUCTION	I-1
II. HOTEL DEVELOPMENT HISTORY	II-1
III. BOSTON'S HOTELS TODAY	III-1
IV. THE CURRENT DEFICIT OF HOTEL ROOMS	IV-1
V. BOSTON'S HOTELS IN THE NATIONAL PERSPECTIVE	V-1
VI. TOURIST DEMAND	VI-1
VII. BUSINESS VISITOR DEMAND	VII-1
VIII. CONVENTION RELATED DEMAND	VIII-1
IX. SCENARIOS FOR CONVENTION FACILITY DEVELOPMENT AND RELATED HOTEL DEMAND	IX-1
X. SUMMARY OF PROJECTED DEMAND	X-1
XI. HOTEL DEVELOPER PROPOSALS	XI-1
XII. MATCH OF DEVELOPER PROPOSALS WITH PROJECTED HOTEL DEMAND; POSSIBLE DEVELOPMENT SCENARIOS	XII-1
XIII. IMPACT OF THE HOTEL INDUSTRY ON THE BOSTON ECONOMY	XIII-1
APPENDICES	A-1
BIBLIOGRAPHY	A-15



## SUMMARY

Boston is under-hoteled and has a critical shortage of convention facilities. Boston had more hotel rooms in 1930 (11,568) than it has now (6,925). The demand for hotel rooms has been increasing, but despite the construction of 3,782 hotel rooms since 1960, older hotels have disappeared at an even faster pace, so that the number of rooms available to meet the rising demand has fallen. Boston's capacity to meet anticipated growth in demand for hotel space will be further limited by the need to replace or refurbish an estimated one-third third of the stock now considered obsolescent.

Boston's hotels have a higher occupancy rate than the national average, and a recent survey found that Boston had the highest occupancy rate of twelve major cities surveyed. Six major Boston hotels have occupancy rates of 95 to 100 percent during certain periods of the year, forcing visitors to seek hotels outside the City.

Boston is losing convention business because of its limited convention facilities and hotel rooms available for group bookings. Convention groups which have traditionally met here in the past have outgrown Boston and are forced to go elsewhere. This is occurring even though Boston is a popular convention

city and more groups would like to meet here than are able to book facilities for the times they would like to meet. Convention groups meeting in Boston often have a higher attendance than when they meet elsewhere.

The report on Hotel and Convention Center Demand and Supply; Past, Present and Future, presented in the pages which follow, is a response to these circumstances and the impressive outpouring of serious developer proposals which have emerged to meet present and future demand.

#### Demand

The dimensions of the perspective for demand for hotel rooms and convention center facilities is noteworthy. To satisfy a present deficit of hotel space, estimated at 1,830 rooms, plus the need to replace an estimated 1,125 obsolescent hotel rooms, and to accommodate projected new growth in demand for 4,102 hotel rooms for business visitor, tourist and convention delegates, Boston would have to build 7,057 hotel rooms by 1985, - a total equal to the City's present hotel stock of 6,925 rooms. And beyond 1985, looking to the further growth in demand in the 1985-90 period, Boston would need an additional 4,155 hotel rooms, making a total new construction need for

11,212 hotel rooms in the 1977-90 period. These projections are drawn from one of the alternative scenarios (IV-B) for hotel demand and development examined in this study, - a scenario consonant with a vision of a thriving City of Boston achieving feasible progress as a place to live and to work. It is significant to note that even the lowest of the alternative projections foresees a doubling of the demand for hotel rooms over the next twelve years (to 1990).

The key to the range of variation in the alternative demand scenarios projected in this study centers on what kind of convention center city Boston could or should be; whether Boston and the State choose to be satisfied with the loss of convention trade as expanding associations outgrow Boston's limited facilities, or whether they are determined to respond to Boston's potential for expanding opportunity as a major convention city.

#### Supply

In response to the perspective for demand, Boston is on the verge of an extraordinary hotel and convention center development boom. Over the next two years, Boston may see

construction started on eight hotels developers propose to build, containing 2,589 rooms and geared to specialized markets in distinct locations, and the expansion of Hynes Auditorium by 100 percent to serve a broader range of large conventions. These could be followed, in another three years time, by the start of construction of another five proposed hotels with 3,300 rooms at other locations and associated markets, and the first stage of a new convention complex in the Fort Point Channel area. By 1985, Boston's hotel stock could be two-thirds larger than the 6,925 rooms in nineteen hotels the City presently has, if developer plans and city and citizen approvals come to fruition. Looking ahead beyond 1985 to 1990, proposals for six additional hotels with 4,161 rooms, including two large convention hotels in different locations, may be sufficiently mature to warrant the initiation of construction. In sum, the proposals for nineteen hotels containing 10,050 rooms would more than double Boston's hotel room supply by 1990, if constructed.

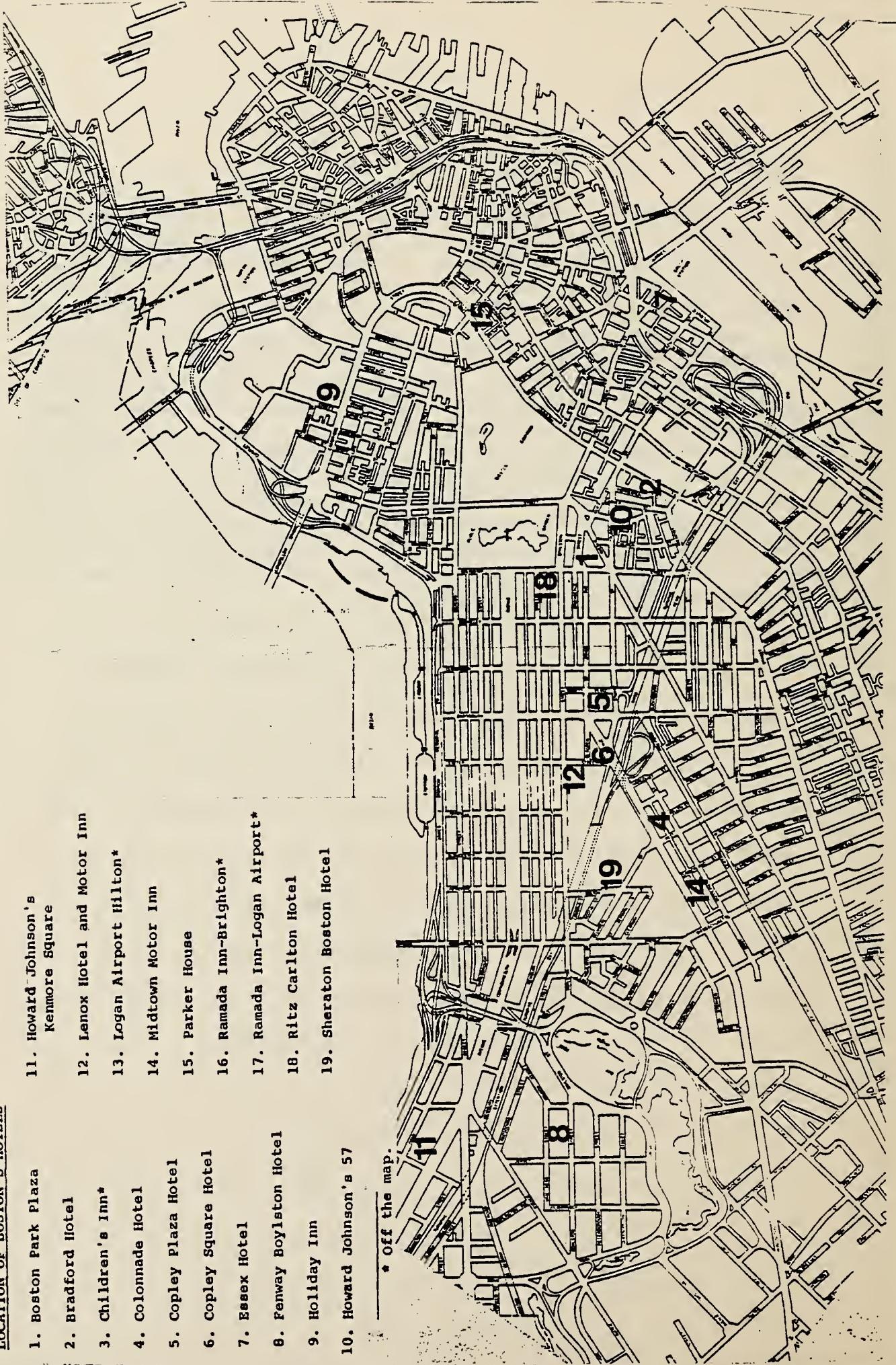
Match

Significant also, is the prospect for a good match between hotel demand and supply. The proposed hotels, and the timing, sequence, location, and predominant market segment they represent, closely parallel the profile of demand, including the present deficit, replacement need, and growth by market segment in the 1977-85 and 1985-90 periods. A shortfall in the anticipated supply of hotel accommodations for tourist visitors in the 1977-1985 period would be compensated by proposed construction likely to come on line in the latter period.

LOCATION OF BOSTON'S HOTELS

1. Boston Park Plaza
2. Bradford Hotel
3. Children's Inn\*
4. Colonnade Hotel
5. Copley Plaza Hotel
6. Copley Square Hotel
7. Essex Hotel
8. Fenway Boylston Hotel
9. Holiday Inn
10. Howard Johnson's 57
11. Howard Johnson's Kenmore Square
12. Lanox Hotel and Motor Inn
13. Logan Airport Hilton\*
14. Midtown Motor Inn
15. Parker House
16. Ramada Inn-Brighton\*
17. Ramada Inn-Logan Airport\*
18. Ritz Carlton Hotel
19. Sheraton Boston Hotel

\* Off the map.



## I. INTRODUCTION

Boston's Hotels

Boston is a special hotel city. It has a greater concentration in the luxury class than any other large city. More than half of the City's 6,925 rooms are classed as luxury; one third are moderately priced, and less than ten percent are inexpensive. A specially conducted survey of current hotel use in Boston reveals that business visitor demand is dominant, making up half of the total; convention delegate demand accounts for almost one-third, and tourist demand one-fifth.\* The Boston hotel stock is designed to absorb the cream of hotel demand leaving the metro region the task of accommodating the overflow of convention delegates and tourists. But even so, 70 percent of the metro region's 9,808 hotel rooms are centered in Boston.

Boston is under-hoteled in comparison with other metro areas. It has fewer hotel rooms than metro areas of similar size, - Montreal, Washington, D.C., and Toronto. And it has fewer hotels than many smaller metro areas, - New Orleans, Miami, and Atlanta.

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\* The survey of hotel owners and managers is described in Appendix I, page A-2.

Current Deficit

A special survey of Boston hotels and their tally of guests, who could not be accommodated and had to be referred to suburban locations for lodging, reveals a current deficit of 1,830 hotel rooms. This includes an urgent need for 850 additional commitable hotel rooms for convention delegates, and current deficits for 605 rooms for tourists and 375 rooms for business visitors.

Future Hotel Demand

In 1977 Boston had two million hotel room sales but lost about one half million room sales due to a shortage of hotel rooms within the City's boundaries, as indicated by the survey conducted for this study. These room sales constitute nights that business visitors, tourists, and convention delegates would have spent in Boston had hotel rooms been available. Taken together with projected growth in demand, Boston would need an increase in the hotel room stock sufficient to accommodate 1.5 million additional room sales by 1985. By 1990, there would be an additional demand equal to one million room sales.

The projection of future demand is somewhat more complex than the last few lines have indicated. Business visitor and tourist demand follow seasonal patterns. Convention delegate demand is constrained by the number of committable convention grade hotel rooms, and is limited by the size and character of convention meeting facilities. In order to attract larger national conventions, the City would need a large quantity of rooms to be available for those times during the year when conventions are held in Boston. And since hotels can only commit a portion of their rooms for group business, in effect, two convention grade hotel rooms are needed to provide one committable hotel room for a convention delegate. The other hotel room would be available for a business visitor or a tourist.

The analysis and projections of demand presented in later chapters of this report suggest the need for approximately 1,000 new hotel rooms a year for the next twelve years. This is made up of the present deficit of 1,830 rooms, the need to replace 1,125 rooms, and the projected increase in demand for 8,257 rooms, including 2,969 rooms for predominantly business visitor use, 2,138 rooms for tourist use, and 3,150 rooms for convention delegate use.

Future demand for hotel rooms in Boston will be favorably impacted by national trends as well as the attractiveness of the City and the expanding level of business activity. Between 1977 and 1985, a rising share of the nation's growing population will be in the prime travel age group, the 25 to 44 year olds, and their combined income will increase by 80 percent. The trend toward smaller but more numerous households, two-worker families, rising income levels, and more leisure time all will favor travel growth. The devalued dollar will make the U.S. more attractive to both domestic and foreign travelers. Boston can attract an expanding share of this growing market.

The number of tourists visiting Boston is rising, and more tourists are staying at hotels. From 1973 to 1977, tourist visitors to Boston rose at the rate of nine percent per year. Last year was a banner year for tourist visitors, and reports indicate that 1978 is even better. Hotel room day sales to tourists are projected to double between 1977 and 1990.

Business visitor demand for hotel space now accounting for half of the total present use of Boston hotel rooms, is projected to double by 1990, responding to both the anticipated

growth in the Downtown economy as well as a rise in the number of hotel room day sales in relation to the number of workers employed in Boston's Downtown.

Currently, convention delegate use of Boston's hotel accommodations is second to that of business visitors, but the prospect and potential for growth in convention delegate demand are large. There is an insufficiency of rooms to meet present demand which is expected to grow, especially if convention meeting facilities are increased. An early and timely completion of the proposed expansion of Hynes Auditorium should be preceded by the construction of hotels to accommodate the larger groups Hynes will attract. In the 1980s, Boston may need a second major convention center in order to remain competitive with other cities. With two large convention centers by 1990, the number of nights convention delegates stay in Boston, and, consequently, the hotel rooms they would require, could almost triple.

Back in 1929, a writer called Boston "an ideal convention city". To live up to that accolade, and take advantage of its capabilities, Boston would have to expand both the size and quality of its convention center facilities as well as the number of hotel rooms committable to convention delegates.

This would be necessary, especially if Boston wishes to successfully compete with other cities to maintain - or increase - its share of the market for national conventions. Many cities are constructing convention centers and encouraging the development of hotels in order to compete for a larger share of the convention market.

An index of the future potential lies in the notable rise, in recent years, in the proportion of national conventions as a share of all conventions meeting in Boston. (Though the number of conventions meeting in Boston, about 300 a year, has remained fairly stable for many years, the number of rooms available to serve them has fallen.) More national conventions have met in Boston each year from 1974 to 1978 than had ever met in the City in any previous year. This is significant because the average hotel stay per delegate at a national convention is twice as long as that at a regional convention, requiring more hotel rooms for a given level of attendance.

Boston traditionally has attracted many groups which have experienced considerable growth in attendance and facilities requirements. Boston has a large number of professionals relative to its population size, - doctors, educators, scientists, engineers, writers. Boston is a center of modern manufacturing technology and services sector corporations, all

affiliated with groups meeting in Boston. Large groups already scheduled to meet in Boston in the 1979-85 period will require between 3,000 and 5,400 rooms in comparison with the 2,600 committable rooms available in Boston at the present time.

#### Need for Expanded Convention Facilities

The need for expanded convention facilities is, consequently, very important. In comparison with cities of other major metro regions, Boston's convention facilities are relatively small. The Hynes Auditorium is in a class with the smaller convention centers on the East Coast - those of Baltimore and Pittsburgh - and does not compare with those of Miami Beach, Atlantic City, and Philadelphia. Even with the proposed expansion of Hynes, Boston would not be in a class with Atlanta or New York, cities which are already planning to expand their existing facilities and develop new ones.

Boston can be the kind of convention center city it chooses to be. Alternative scenarios are analyzed and projected in systematic detail in later pages of this report, but the three basic alternatives can be succinctly described as follows.

(1) In the event that there is no expansion of Hynes, Boston would continue to attract national conventions which have limited

exhibition space requirements, but lose those which are experiencing considerable growth. Even at this level, 1,700 new hotel rooms would be needed.

(2) The capacity of Hynes could be expanded by 100 percent, giving Boston a facility comparable in size to the major convention centers of the nation, though not in a class with Atlanta, Atlantic City, New York, Chicago, Los Angeles, Kansas City, Dallas, Houston, Anaheim, Philadelphia, Detroit, and Cleveland. This would make it possible for Boston to accommodate 29 of the 32 groups which have outgrown Hynes. Between now and 1990, 3,300 new predominantly convention-oriented hotel rooms would be needed to accommodate 25 of these.

(3) Hynes would be expanded, and later, a second new convention facility of improved quality and size would be built with the necessary complement of hotel rooms. With two large convention centers, Boston would be in a league with Atlanta, Chicago, Houston, New Orleans, New York and San Francisco. Boston would have to double the number of conventions it attracts. A new convention facility incorporated in a new hotel could be smaller than Hynes, and be in a class with the twenty largest convention-type hotels. A combined convention facility and hotel could be a significant addition to the City, provide better design, and

enable Boston to handle more conventions and better maximize demand and economic impact.

#### Proposed Hotel Development

In response to the demand perspective, the growing attractiveness of Boston, and the improved development outlook noted in the preceding pages, nineteen new hotels and additions to existing hotels containing 10,050 guest rooms, have been proposed for Downtown Boston sites within the past year. The major share of these rooms - 4,600 or 46 percent - would be contained in six convention-oriented hotels. Another 3,284 rooms, some 33 percent, would be contained in rooms oriented to business visitors. The smallest portion, 2,166 rooms, making up 21 percent of the proposed development, would be in tourist-oriented hotels. Furthermore, nearly all of the hotels, some 88 percent, would be in a luxury class. Some 1,000 rooms, or ten percent, would be moderately priced. And only two percent could be characterized as inexpensive.

The proposed new hotels, however, reflect a more varied and specialized market than is indicated in the numerical distribution by room type. The proposed sites and their location reveal the multi-faceted nature of the market, requiring a diversity of hotel facilities to accommodate the variety of market needs. A proposed

hotel at Logan Airport would serve business visitors and tourists. Hospital visitors, as well as those with business in Government Center or the Financial District would be served by a proposed hotel in West End. Four proposals are designed to meet the needs of the concentration of business visitors to the Government Center and the Financial District. Two proposals for hotels in the Waterfront area would capture tourist visitor trade. A proposal for a mid-town location would serve the theatre district and the Tufts New England Medical Center. Three hotels have been proposed for Back Bay in the vicinity of Copley Plaza, Prudential Center, and Hynes Auditorium focusing on Boston's prime convention center as well as the many cultural, educational, and religious institutions in the area. A proposed addition in Kenmore Square would serve Boston University and Fenway Park. A new hotel at the redeveloped Charlestown Navy Yard would house tourist visitors. The extraordinary prospects for development of the Fort Point Channel for commercial, industrial, port, recreational and residential use have attracted a hotel-convention center proposal, another hotel proposal, and a hotel ship proposal. And Boston's Ritz-Carlton, fronting on the Public Garden, is also planning an addition.

The surge of developer proposals is a recent phenomenon. Three years ago, at a time of national economic recession and Massachusetts' fiscal crisis, the roster of developer proposals only numbered approximately 3,000 hotel rooms.

#### Economic and Fiscal Factors

The current flood of developer proposals reflects the strength of Boston's recovery from the 1975-76 recession and the good long-term perspective for the City's economy, as well as favorable demographic and fiscal factors. Boston's economic base has adapted and expanded and is in tune with the future directions of the nation. The population loss of the 1950s and 1960s has subsided, and Boston is experiencing an influx of young, middle-class adults.

Successes on the fiscal front are also of interest to developers contemplating an investment in Boston. Good management and austerity measures adopted in recent years have helped Boston cope with the limited elasticity of the property tax, reduced levels of Federal aid, and the fall-out from the New York City and Massachusetts state fiscal crises of 1975. This July, the State legislature adopted important fiscal measures. These included the passage of an Act establishing

the assessment rates for the taxation of property by class, and the defeat of measures potentially injurious to Boston, - proposals for limiting property taxes to 2½ percent of market value and reducing the surtax on income. In September, Mayor Kevin H. White was able to announce that the tax rate established in fiscal year 1977 and maintained in 1978 would be held to the same level for 1979 and 1980. Last year's fiscal success augers well for this year's try at more fundamental reform, - the generating of new revenue sources for Boston.

#### Confidence and Leadership Factors

Even more, perhaps, the developer proposals reflect confidence in Boston's development process and the growing attractiveness of Boston under the energetic leadership of the Mayor who has been in the forefront in promoting a revived City economy and revitalized neighborhoods. With the Mayoral lifting of the moratorium on 121A tax treatment for new construction late in 1977, the development process has become almost self-generating, and developer proposals are flowing in at an unprecedented rate.

Development Impact

If hotel development were to occur in a sequence such as that suggested in this report, and at a scale sufficient to meet projected demand, it would have an enormous impact on Boston and the State. The City's economic base would be substantially changed. The construction of 10,050 hotel rooms, at an average development cost of \$52,000 per room, would involve an investment of \$523 million over a twelve-year period. A comparison with other major investment in the City's economic base over the 18-year period, 1960-77, the period of Boston's economic revival from the 30-year depression after 1929, provides an idea of the nature of this potential impact. Over the 18-year period, the construction of sixteen million square feet of net new office space involved an investment of approximately \$1 billion. Boston's post-1960 public capital improvements program, and the revitalization of the neighborhoods it signified, has cost \$700 million. The urban redevelopment program which helped change the face of one-third of the City's area, including Downtown, cost approximately \$400 million of Federal grant money.

Hotel development of all anticipated rooms would generate an estimated 13,400 jobs in the construction phase, and 7,300

permanent jobs. The magnitude of permanent job generation would be the equivalent of twenty percent of the number unemployed today. The projected hotel job generation may be compared to the approximately 30,000 net new permanent jobs associated with Boston's office related services activities over the 1960-77 period. Looking ahead to the future perspective for Boston, the potential for 7,300 new permanent hotel jobs would be exceeded only by the outlook for new jobs in services activities and related office expansion, the multi-use development of the Fort Point Channel area, industrial recovery, and retail growth. Moreover, though sixty percent of the projected hotel jobs would be low-skilled and low-wage, Boston's vulnerable labor force, with higher than national average rates of unemployment, female participation, youth, and minorities can make good use of those jobs.

#### Tax Policy; The Need for New Directions

Direct payments to the City in-lieu-of taxes, under proposed new Massachusetts (Tax Abatement) law 121A guidelines, with a base rate of \$800 per room in the first two years of operations, would be escalated upward. The fixed in-lieu-of tax payments per room would shift in the third year to a payment based on a percentage of room and food and beverage sales. Payments would rise to eight percent of room sales or six percent

of room sales plus two percent of food and beverage sales by the fifth year of operations. Under the new 121A guidelines, if the 10,050 new hotel rooms were operating, the tax revenue yield would be \$8 million the first two years and \$15 million yearly after five years. This would be the equivalent of \$4.50 on Boston's tax rate when all the proposed hotels are functioning, and \$8.50 on the tax rate after five years. The major advantage of this flexible tax schedule is that it allows City tax revenue to rise in line with inflation, as well as growth in income and demand.

The contribution of hotels to the City's tax base is a critical issue because Boston does not have a hotel excise tax and, as a consequence, receives less in total tax benefits from hotel development than other major cities even though hotel property tax payments in Boston are relatively high. This issue generates difficulties in negotiating with developers because the City must seek to include in its property tax a margin of revenue that, in other cities, would be captured in part with a municipal hotel excise tax paid directly by hotel guests rather than by the hotels.

To cope with this problem, the City has submitted a number of legislative proposals. One proposed measure would allow a local option of imposing an additional 1.3 percent hotel excise tax on the present State hotel excise tax of 5.7 percent to be used half as local general revenue and half to promote tourism and hotel business. Another proposed measure would return one-fifth of the sales tax revenue collected to the city or town of origin. In the event that the local excise

tax option is not approved, the City is considering special provisions to allow part of the in-lieu-of tax payments made under 121A agreements to be passed on by the hotels directly to their guests.

The State has recently initiated a variety of incentive programs ranging from tax exempt financing of development to tax credits for investment in order to encourage new development and expansion of existing facilities in Massachusetts with an emphasis on revitalizing urban areas. Of particular interest for hotel development is the Urban Job Incentive Program which would equalize property tax burdens for new job creating commercial construction in older urban areas, in relation to other cities and towns by providing a tax credit against the State corporate income tax based on the differential between local property tax rates and the state-wide average rate. An additional deduction of twenty-five percent of compensation paid to employees living in eligible areas is also allowed.

These proposals and measures are urgently needed to help fund the City's role in hotel and convention center development. At present, the tax benefits of hotel development are substantially higher for the Commonwealth of Massachusetts than for the City of Boston. The State receives not only the hotel excise tax on room sales but also meals, sales, excise, personal income, and corporate income tax receipts. The State tax receipts generated by hotel guests

in Boston amounted to \$23.5 million in 1976, more than five times the \$4.5 million received by the City of Boston from property taxes on hotels. Compared to the \$15 million per year the City would receive in-lieu-of tax payments from future hotel development, the Commonwealth would receive \$63 million in State tax receipts, - a ratio of 4.2 to 1.

#### Weaving the Fabric of a City

Beyond investment, jobs, tax yields, and the generation of earned income for Boston, hotel development has a more fundamental role - an important thread in the weaving of the fabric of a great city. Hotel construction has paralleled those periods of the expansion of Boston's economic base and institution building, - 1895 to 1912, 1925 to 1929, and the City's revival since 1960. The new horizons for hotel and convention center development in the next seven to twelve years, looking to 1985 and 1990, can be a key aspect in the building of a city with widening opportunities, improved living standards, and more attractive amenities.

Boston's 20th century history can be written in terms of its people and the economy as well as the construction and evolution of its institutions, - cultural facilities, hotels, office buildings, hospitals, universities, and sports arenas -,

concentrated in these three epochs of city building. The turn of the century era witnessed the construction of Symphony Hall (1900), Horticultural Hall (1900), the Museum of Fine Arts (1909), the Boston Public Library (1895), Gardner Museum (1903), Jordan Hall (1905), the Copley Plaza Hotel (1912), six million square feet of office space, 29 percent of the hotel rooms built in Boston after 1895, nine major university buildings, ten major hospital buildings, and Fenway Park (1912). This was also a period of theatre building, - Steinart Hall (1896), the Colonial (1899), the Saxon (1903), and the Gary (1911).

In the 1920s, Boston spawned downtown theaters, the Boston Arena (1921), the Boston Garden (1928), the Parker House, the Ritz-Carlton, and the Statler-Hilton, (all built in 1927), nineteen major hospital buildings, eight major university buildings, eight million square feet of office space, and one-third of all the hotel rooms built since 1895.

And then not another hotel room was built for 27 years, as Boston passed through a 30-year depression and a drought in cultural institution building. Boston's depression lingered on long after the rest of the Nation was rebounding after World War II. The 50-room Diplomat Hotel, built in

1929, was followed 27 years later by the 94-room Fenway Boylston Motor Hotel in 1956.

#### Boston's City Builders

Boston's revival, now underway for almost two decades, was spurred by its modern mayors - John B. Hynes, John F. Collins, and Kevin H. White - who undertook the task of rebuilding the fabric of the City after three decades of decline and decay, by marshalling public policy to foster downtown development and neighborhood revitalization. The revival can be measured in many ways. Public capital improvements and community development outlays have generated progress in neighborhood revitalization, by replacing century-old, obsolete schools and other facilities. Large private investment has broadened and expanded Boston's services-oriented economy. Boston's Downtown is alive and vibrant and the envy of many other large cities. Living standards have notably improved and per capita income levels, adjusted for inflation, have risen by more than one-third in a decade and a half, rivaling the growth for all of the nation's large cities.

But Boston's modern history is also mirrored in the construction of its great institutions, whose growth since

1960 is unparalleled. The noteworthy renaissance in cultural facilities includes the expansion of the Museum of Science (1961 and 1972), and the Museum of Fine Arts (1970), the building of the New England Aquarium (1969), the annex to the Boston Public Library, the John B. Hynes Auditorium (1965), and the Boston Center for the Arts (1975). University and hospital construction blossomed, and half the City's office space and existing hotel rooms have come into being since 1960.

Looking ahead to 1985 and 1990, the next seven to twelve years, hotel and convention center development, and all that they signify for enhancing access, interchange, and the attraction of venturesome talent and resources to Boston, will be an important element in expanding opportunity, improving living standards, and shaping the new look of a special city.

#### Planning Needs

In a planning and development process, the analysis and projection of demand and the comparison with developer proposals are basic first steps, and the present report is addressed to these questions. Beyond this are the important next questions which constitute the work program agenda. These include the analysis of project feasibility and financing strategy, public authority and citizen reviews, and the

assessment of costs and benefits, public and private. There will be a major need for planning for related public infrastructure investment requirements, as well as the associated complementary sector development. In the case of hotel projects in the Fort Point Channel Area, and other areas, perhaps, there is also the need for multi-use development project planning. Given the scope and magnitude of the hotel and convention center development potential, a need exists for substantive updating and rethinking of the perspectives for planning for Downtown and its component neighborhoods. The timely and effective implementation of each of these steps is essential for a successful hotel and convention center planning and development process.



## II. HOTEL DEVELOPMENT HISTORY

Boston has had a noteworthy hotel history. What is generally considered to be the pioneer of first-class hotels in the nation - the Tremont House - opened in 1829 on Tremont at Beacon Street. Many nationally famous hotels followed in the nineteenth century, such as Young's Hotel, the Hotel United States (enlarged and modernized on the Tremont's model), the Parker House, the Vendome, and the Brunswick, all large hotels, even by present-day standards.

By 1900, there were nearly 100 hotels in downtown Boston; about one-third in what is now the financial and midtown sections of the City; another one-third in the present Government Center, North Station, and North End areas; fourteen of the most select hotels of the stock in the Back Bay, Beacon Hill, and Kenmore Square; and the balance in the South End and Fenway sections of the City.\* Only one of these nineteenth century hotels - the Copley Square Hotel - is still in operation as a hotel today.

A survey of downtown hotels and their respective number of rooms from 1930 to the present reveals a pattern of net loss of hotel rooms each decade to the present which even the considerable amount of new hotel construction in the 1960s and 1970s

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\* The Boston Directory Containing the City Record, 1900.

did not reverse. See Table II-1 and Chart II-1. Between 1930 and 1978, there was a net decrease of 5,570 centrally located hotel rooms. As recently as 1960, a Boston visitor could stay at the Bellevue, Braemore, Kenmore, Madison, Somerset, Touraine, or Vendome hotels, all of which have closed their doors.

Table II-1  
HOTEL ROOMS IN CENTRAL BOSTON\*, 1930-1978

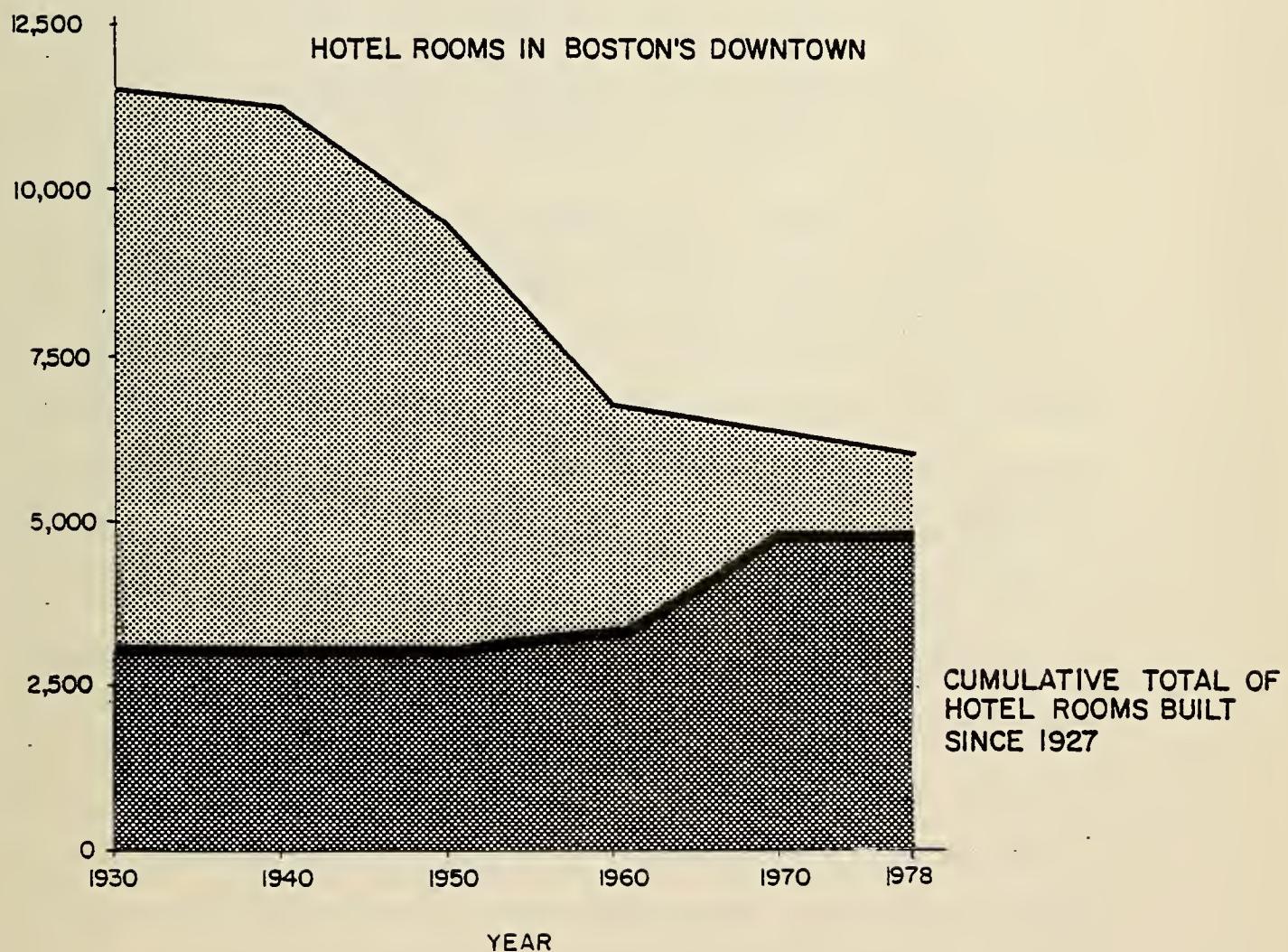
<u>Year</u>	<u>Total Rooms</u>	<u>Decennial Change</u>	
		<u>Number</u>	<u>Percent</u>
1930	11,568		
1940	11,252	-316	-3%
1950	9,546	-1,706	-15%
1960	6,630	-2,916	-31%
1978	5,994	-636	-10%

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\* Includes all hotels within two miles of Hynes Auditorium.

Source: The Hotel and Motel Red Book, 1930, 1940, 1950,  
1960 editions/BRA Research Department.

LONG-TERM ATTRITION IN BOSTON DOWNTOWN HOTEL ROOMS  
1930 - 1978



SOURCE: THE HOTEL AND MOTEL RED BOOK / BRA RESEARCH DEPARTMENT

An historical perspective of hotel construction in Downtown Boston is provided in Tables II-2 and II-3 and Chart II-2. The first major period of hotel construction was from 1895 to 1912. A spurt of hotel construction occurred from 1927 to 1929 coinciding with the flourishing of the downtown economy and the flowering of institutions, and a total of 3,100 rooms were built in these three years - the largest number in any time period in the history of Boston. During the next thirty years of economic stagnation and the erosion of the manufacturing base of the City's economy, no new hotels were constructed.

As the structure of the national economy changed toward the development of services industries in the 1950s, Boston's economic base of financial, insurance, medical, and education services took on new life, and cultural institutions experienced expansion and new development. With the revitalization of the Boston economy, the construction of new office space surged upward and employment rose. The demand for hotel rooms increased and the construction of new hotels began. In the 1960s, 2,169 rooms were constructed, but even with this increased supply, hotel occupancy rates rose to 77 percent in 1967 and remained high to the end of the decade due to the continually increasing demand. Since 1971, the construction of new hotels has remained strong with the addition of 1,613 new rooms.

Table II-2

HOTEL ROOMS CONSTRUCTED IN DOWNTOWN BOSTON, 1895-1978\*  
 AND NET ROOMS AVAILABLE IN 1978

<u>Period</u>	<u>Date of Construction</u>	<u>Name of Hotel</u>	<u>Rooms Constructed</u>	<u>Rooms Available in 1978</u>
1895-1912	1895	Copley Square	300	160
	1897	Touraine	280	0
	1899	Westminster	250	0
	1899	Bellevue	350	0
	1900	Essex	400	300
	1900	Lenox	220	220
	1895-1900 est.	Colonial/Gardner	75	0
	1904	Canterbury	135	0
	1908	Puritan	200	0
	1895-1917 est.	Argonne	220	0
	1895-1910 est.	Buckminster	250	0
	1895-1910 est.	Fritz-Carlton	150	0
	1895-1910 est.	Hemenway Chambers	220	0
	1912	Copley Plaza	450	450
<b>Sub-total</b>			<u>3,500</u>	<u>1,130</u>
1913-1926	1913	Huntington	60	0
	1913	Graylyn/Guild House	150	0
	1915	Kenmore	400	0
	1916	Braemore	225	0
	1921	Avery	140	**
	1923	Fensgate	150	0
	1923	Lincolnshire	150	0
	1923	Sheraton	220	0
	1925	Broadway/ Metropolitan	120	0
	1925	Eliot	100	**
	<b>Sub-total</b>			<u>1,715</u>
				<u>0</u>
1927-1929	1927	Bradford/Elks	350	322
	1927	Madison	500	0
	1927	Parker House (#3)	600	547
	1927	Ritz-Carlton	300	250
	1927	Statler-Hilton/ Boston Park Plaza	1,300	800
	1929	Diplomat	50	**
<b>Sub-total</b>			<u>3,100</u>	<u>1,919</u>
1930-1955	No construction of new hotels			
1956-1959	1956	Fenway Boylston	94	94

Table II-2 (Continued)

1960-1978	1960	Logan Airport Hilton	330	600
	1975	Addition	270	
	1961	Midtown Motor Inn	161	161
	1963	Howard Johnson	178	178
		Kenmore Square		
	1965	Sheraton-Boston	1,000	1,428
	1975	Addition	428	
	1966	Ramada Inn, Brighton	118	118
	1968	Children's Inn	32	32
	1968	Holiday Inn	300	300
	1971	Colonnade	306	306
	1972	Howard Johnson's "57"	400	400
	1972	Ramada Inn, Logan	209	209
Sub-total			3,782	3,782
GRAND TOTAL			12,191	6,925

\* In 1960-1978 period, includes hotels constructed outside the downtown  
\*\* Class D or not a transient hotel

SOURCE: The Hotel and Motel Red Book; Bromley Atlas, 1895,  
1917, 1928; Records of Boston Building Department;  
Hotel Survey, BRA Research Department: City Directory,  
1900, 1911, 1920, 1930, 1940, 1950 and 1959.

Table II-3

HOTEL ROOMS CONSTRUCTED IN DOWNTOWN BOSTON  
BY PERIOD, 1895-1978\*

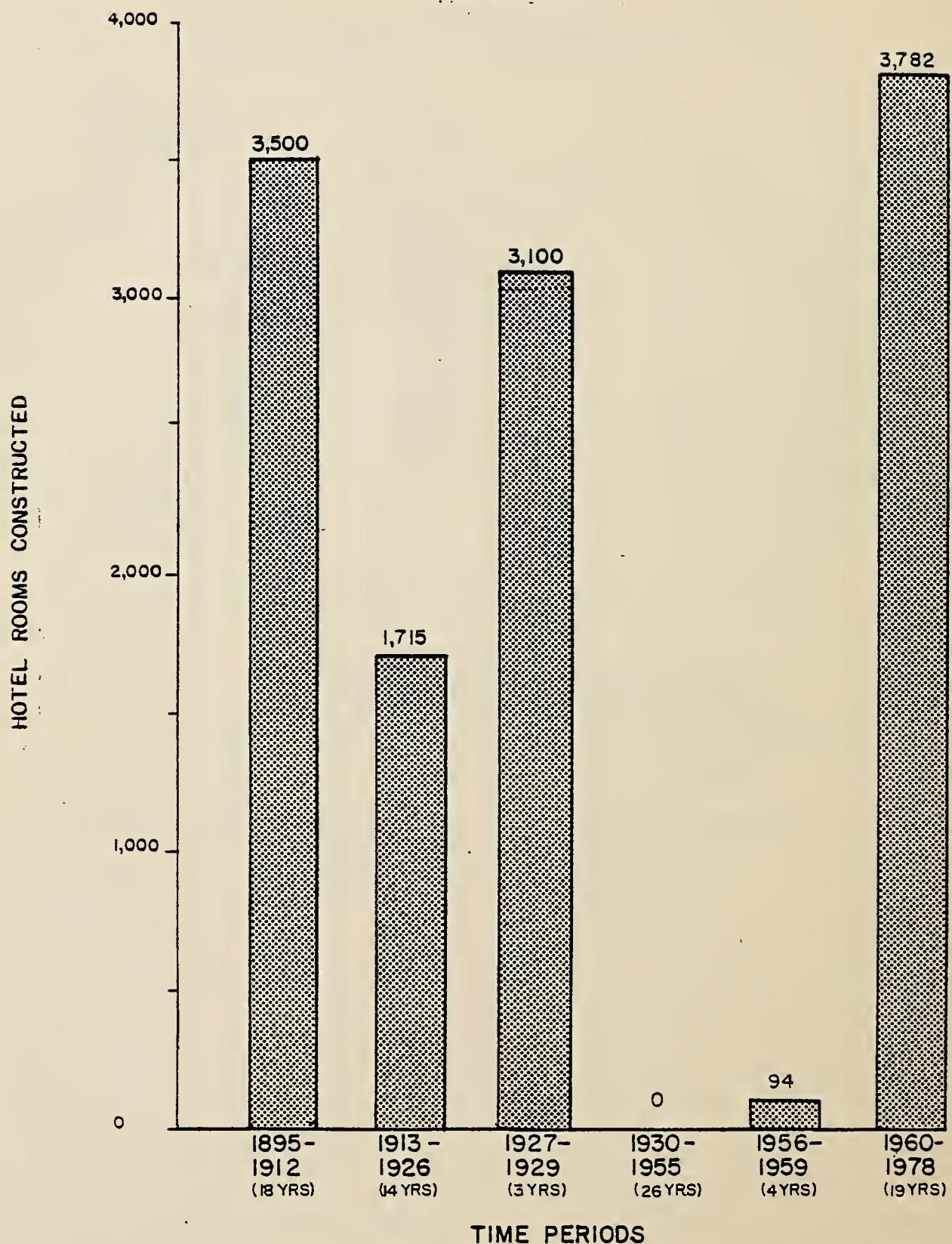
	<u>Number of Rooms</u>	<u>Proportion Of Total</u>
1895-1912	3,500	29%
1913-1926	1,715	14%
1927-1929	3,100	25%
1930-1955	0	0
1956-1959	94	1%
1960-1978	3,782	31%
Total	12,191	100%

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\* For 1960-1978 period, includes new hotels built outside the downtown proper.

Sources: The Hotel and Motel Red Book, 1930, 1940, 1950, 1960; City Directory, 1900, 1910, 1920, 1930, 1940, 1950, 1959.

## HOTEL CONSTRUCTION IN BOSTON 1895-1978



ALISON ARNOLD

# Boston's grand old hotels

Will Boston's new convention hotel be in the Fort Point Channel area across from the South Station? Will it be on Long Wharf off Atlantic Avenue? Or will it be near Pier 4?

While the pros and cons are being argued and discussed, let's look back at some of Boston's earlier hotels.

The first tavern in Boston was opened March 4, 1634, by Samuel Cole, who for many years was the only innkeeper in the town. The tavern was on the west side of Washington street on the corner of Williams Court.

As the years went on and Boston grew, the number of ordinaries or inns increased until they became plentiful. One of these was the White Lamb on Washington street. In 1787 the first stage coach for Providence started from this tavern.

The Adams House was built on the site of the White Lamb in 1846. It was not named for the illustrious Adams family that furnished two presidents, but for Laban Adams of Medway, who owned it.

Famous for its oyster stew and for the bar where the Scotch highball originated, the Adams House was a favorite with Presidents Calvin Coolidge and Theodore Roosevelt, as well as with singer Adelina Patti, Marie Dressler and E. H. Southern of the theater, and John L. Sullivan, champion heavyweight boxer. The Adams House was torn down in 1927.

The United States Hotel dated back to 1826. Daniel Webster lived there for a while and Charles Dickens was entertained there. The Tremont House was opened in 1829. It stood at the corner of Tremont and Beacon streets. The price of board was \$1.50 per day and \$2 if you had a parlor as well as a bedroom.

The Revere House was built in 1847 on the site of the house and grounds of Kirk Boot, a prominent merchant of old Boston. King Edward VII stayed there as Prince of Wales and Presidents Fillmore, Pierce and Grant were guests.

In 1889 when the Hotel Westminster was built the legal height for buildings on Copley Square was 90 feet. Today the all-glass John Hancock building on the site of Westminster, is 790 feet.

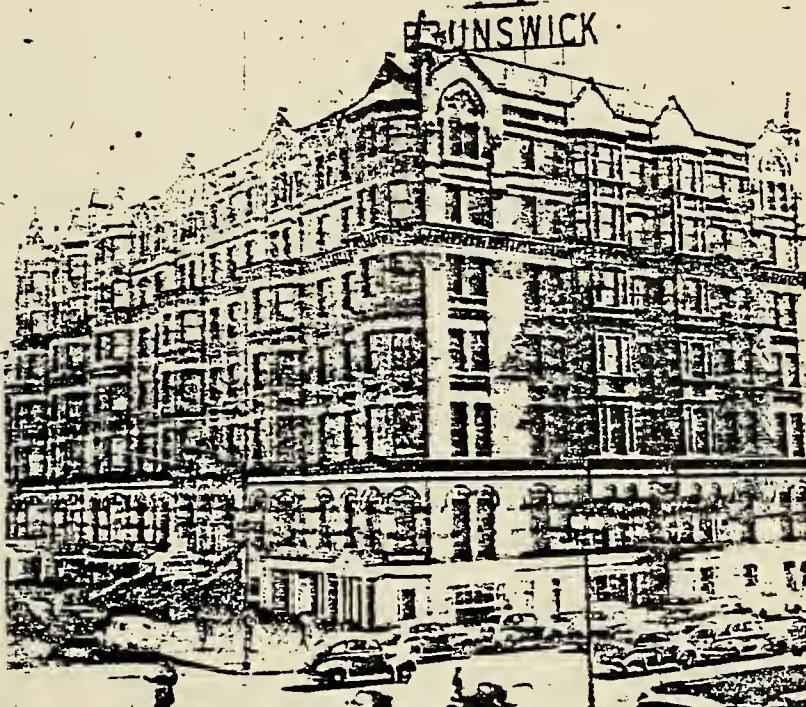
The Westminster was six feet too high. So, after much litigation, the US Supreme Court decided that the top must be shorn off and the terra-cotta cherubs and garlands of flowers crumbled into dust. Incidentally, the management sued the city and collected \$340,000 for damages.

During the Gay Nineties and the first decades of the 20th Century, the Westminster flourished. It was the first hotel to have "running ice water," a roof garden and a taxi stand. Menus featured caviar canapés, coquilles St. Jacques and all the proper wines.

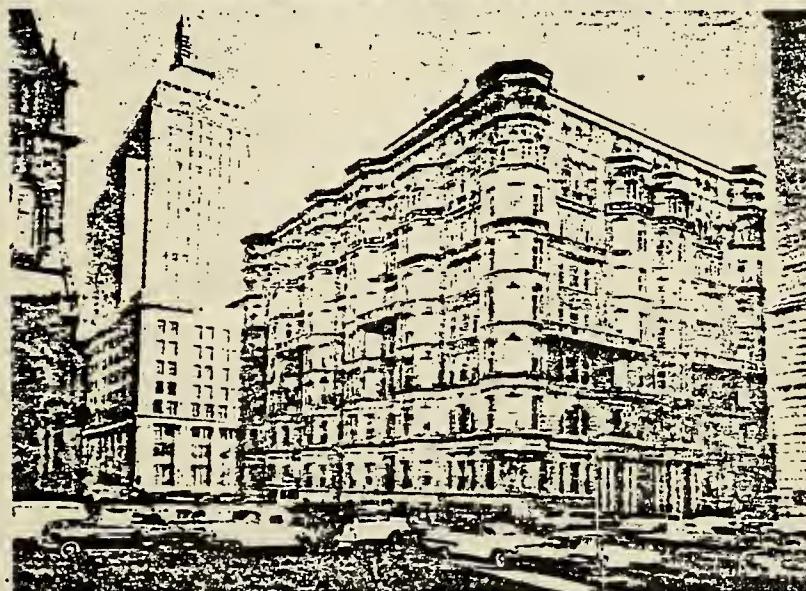
The night before prohibition went into effect the root beer went wild with drinking and dancing. But this busy hotel closed in 1941 and is now a ghost.

The Thorndike Hotel disappeared in 1920 and was replaced by a tall office building. The hotel opened in 1868 on Boylston street opposite the Public Garden. Its paneled diningroom, known as the Hunt Room, had English hunting prints on the walls and salmon and corn bread were specialties.

The red brick and sandstone Hotel Brunswick on Boylston street opened in 1874. The owl was adopted as a trademark when the hotel became the first to remain open all night. Owls appeared on stationery,



The red brick and sandstone Hotel Brunswick on the corner of Boylston and Clarendon streets.



The Hotel Westminster once stood where the all-glass John Hancock building now towers.

china and silverware and perched with stony detachment on the porch, the only hotel porch in Boston.

The Brunswick was the first Boston hotel to have a sidewalk cafe and the first to have dancing. Leo Reisman's orchestra played for dancing in the Egyptian Room, which was popular with young Bostonians in 1918.

The US Coast Guard took the hotel over as a barracks during World War II and later Harvard used it as a dormitory for GI students. In 1958 it was replaced by a multimillion dollar office building.

Young's Hotel on Washington and Court streets was for many years a favorite lunching and dining place for Boston businessmen, judges, lawyers and men high in political life. George Young, the first pro-

prietor, died in 1898 at the age of 81. In 1876, J. Reed Whipple became proprietor.

Presidents Grant and Coolidge often visited Young's and John F. Fitzgerald sang "Sweet Adeline" there on many occasions. A six-course dinner starting with oyster cocktail and including shad roe and filet of beef cost \$3 per person.

Young's Hotel was famous for simple old-fashioned New England food, regardless of the finicky menus from Paris. Among its specialties were prime beef, mutton, turkey, capon and game, as well as traditional New England pie and puddings.

When the hotel was torn down in the spring of 1927, thousands of Bostonians were saddened that another Boston landmark had vanished into the past.



### III. BOSTON'S HOTELS TODAY

Although hotel construction has retained its vitality in the 1970s, the increase in new rooms was offset by the closing of the Somerset Hotel (300 rooms) in 1973, the Madison Hotel (466 rooms) in 1976, and the loss of 400 rooms at the Boston Park Plaza/Statler Hilton in 1976, and the obsolescence of other hotels. The net increase in the hotel stock has been only 157 rooms in the last seven years. Of the current stock of 6,925 rooms in the nineteen major Downtown hotels, 44 percent (3,049 rooms) were built before 1929. With an estimated life of a hotel room at 40-50 years, a large percentage of Boston's hotel stock is reaching the age of obsolescence. To assess the adequacy of the current hotel stock, it is necessary to (1) compare the recent changes in net hotel stock to changes in demand, (2) to characterize the hotel stock by class and use and determine shortfalls for particular classes of hotels, and (3) examine the need for upgrading the current hotel stock to meet the demand of particular market segments.

The nineteen hotels considered in this study are the major "Downtown" hotels that would appeal to business visitors, tourists, and convention delegates visiting Boston. See page A-4. The major hotels offer modern amenities and pleasant surroundings rather than just a place to stay. Resident hotels and hotels

without private baths, air conditioning, etc. are not considered in this study. The nineteen hotels are called "Downtown" hotels because they are located in, or in close proximity to Downtown Boston and serve a market of visitors to the Downtown area. The major Downtown hotels have been divided into three classes.- Class A, Class B, and Class C - by price range, age, and condition. Class A hotels are new or refurbished and expensive. Class B hotels are moderately priced and new or refurbished. Class C hotels are generally old, not refurbished, and inexpensive, although inexpensive new hotels could also fall into this category. The price range for a double room for Class A hotels is \$48-75, Class B is \$32-51, and Class C is \$22-38.

A matrix of the nineteen major Downtown hotels by class and major use is presented in Table III-4. Hotels, by class and market segment of demand, are shown in Charts III-3 and III-4 and Table III-5. Fifty-seven percent of the rooms fall into Class A. The Class A hotels serve mainly the business visitor and convention visitor. The Class B and Class C hotels serve two thirds of the tourist market and about one third of the business market. Business visitors account for forty-nine percent of hotel room sales and tourist demand makes up twenty percent of the market. Convention related demand is approximately one-third of the current market in Downtown Boston.

## III-3

Table III-4

## CURRENT HOTEL STOCK IN DOWNTOWN BOSTON BY CLASS AND MAJOR USE

	<u>Class A Luxury Hotel Rooms</u>	<u>Percent</u>	<u>Class B Moderate Priced Hotel Rooms</u>	<u>Percent</u>	<u>Class C Inexpensive Hotel Rooms</u>	<u>Percent</u>	<u>Total</u>
Business Visitor	2,169	64%	1,003	30%	221	6%	3,393
Tourist	518	37%	599	42%	296	21%	1,413
Convention	1,294	61%	720	34%	105	5%	2,119
Total	3,981	57%	2,322	34%	622	9%	6,925

Source: BRA Research Department

Table III-5

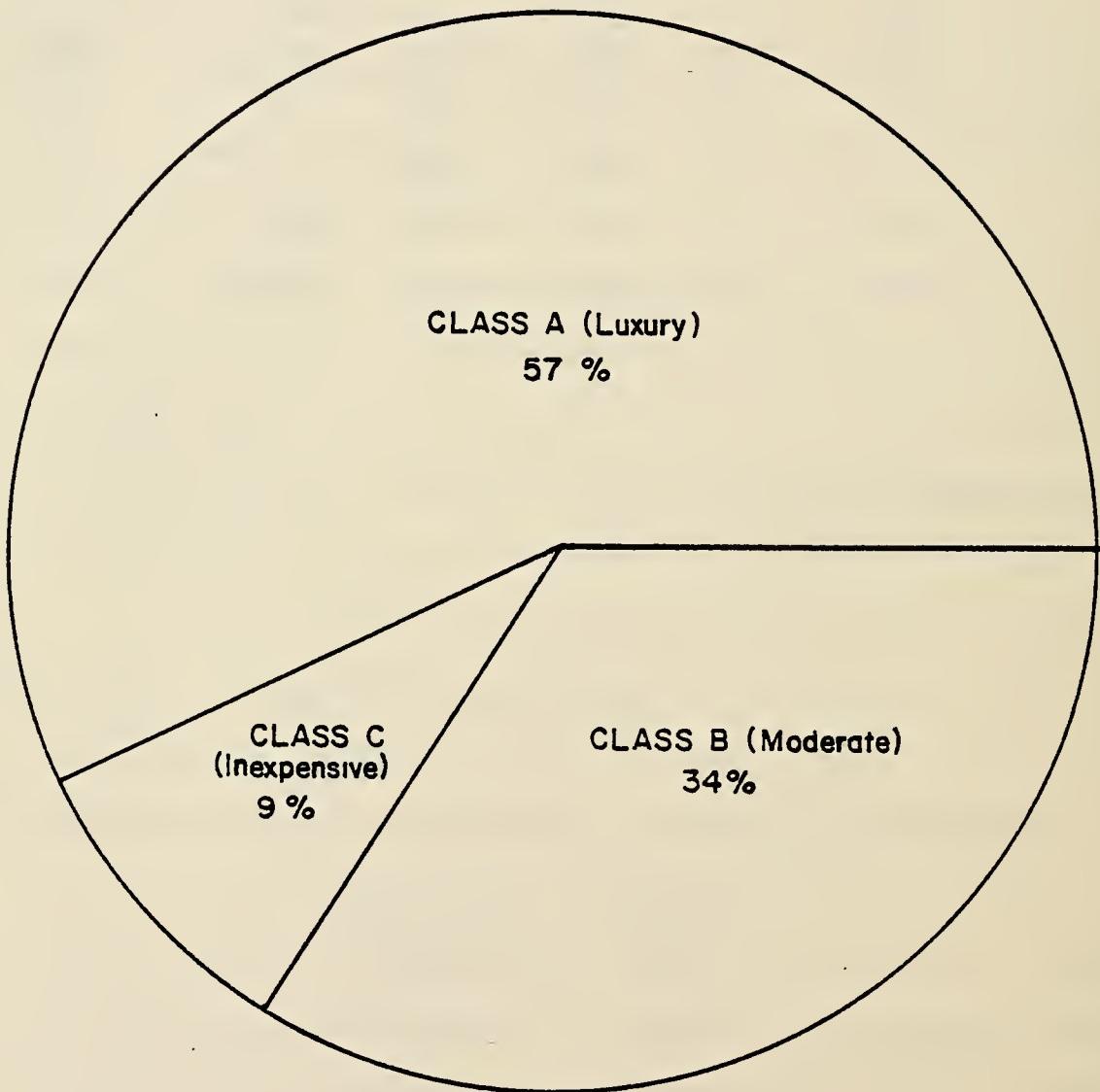
## DOWNTOWN HOTEL ROOM SALES BY PURPOSE OF OVERNIGHT STAY

	<u>Percent</u>	<u>1977 Total Room Sales</u>
<b>TOTAL</b>	100%	1,956,977
Business Visitor	49%	958,519
Tourist	20%	399,383
Convention	31%	599,075

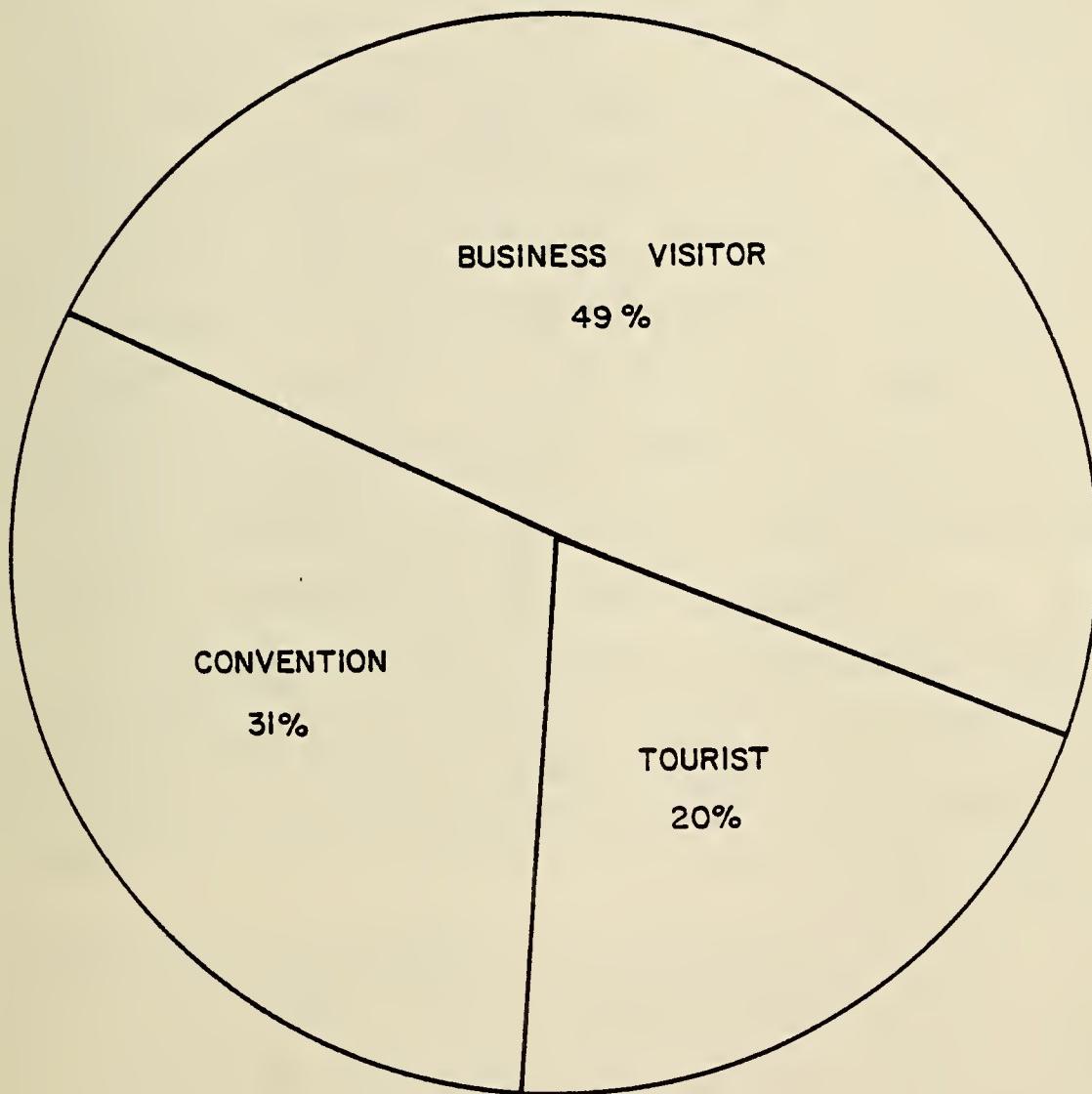
Source: BRA Research Department Hotel Survey

III - 4  
Chart III-3

DOWNTOWN BOSTON HOTELS BY CLASS



PRESENT HOTEL DEMAND BY MARKET SEGMENT IN  
DOWNTOWN BOSTON



SOURCE: BRA RESEARCH DEPARTMENT FROM TABLE III-5

It is not easy to quantify shortfalls in the existing stock of hotel rooms flowing from the need for upgrading. Almost half of the existing hotels were built before 1929 and are becoming obsolescent. Many of the older hotels have been refurbished and can effectively compete with the newer hotels offering on-site parking and more "modern" facilities and decor. For example, the Parker House spent \$5.5 million on renovations in 1973 and an additional \$3.5 million in the last few years. The Parker House is located in the center of the financial and business district and most of the patrons are business visitors. The Holiday Inn is located on the other side of Government Center and also operates at high occupancy rates. The clientele is generated largely by the nearby Massachusetts General Hospital and the Massachusetts Eye and Ear Infirmary, visitors to Government Center and other business visitors.

The Colonnade Hotel is too expensive for many tourists, but the well-designed rooms and convenient parking lend to its overall popularity. Its major market is business visitors but it receives substantial convention spillover from the Sheraton Boston. Howard Johnson's "57" Hotel is another modern hotel with on-site parking and other convenient facilities and is more

moderately-priced than the Colonnade. Although most of its guests are business visitors, it draws substantially on the convention and tourist markets. The Copley Plaza Hotel was extensively renovated in 1974 and is now a Class A hotel. The location at Copley Square makes it convenient for business visitors, tourists and conventioneers alike. It is considered primarily a business visitor hotel because its affiliation with the John Hancock Insurance Company leads to a high volume of business visitor patronage. The Lenox Hotel also benefits from its location in the Copley Square-Prudential Center area. It provides free parking and has maintained modern amenities, such as air conditioning and color television.

The Sheraton Boston Hotel is located in the Prudential Center complex and is adjacent to Boston's major convention facility, Hynes Auditorium. The Sheraton Boston has 1,428 modern Class A rooms, a 2,000-person banquet facility and twenty meeting rooms which make it a prime convention hotel. The Boston Park Plaza is the only other convention hotel in Boston and needs major renovations to bring it up to modern standards. The Hilton Inn at Logan Airport serves primarily business visitors and a small proportion of passengers staying over for flight connections. The Ritz-Carlton has a long-standing

reputation as one of the finest hotels in Boston. The Ritz-Carlton does not accept conventions and has a clientele of business visitors, prominent visitors to Boston, and permanent residents.

## IV. THE CURRENT DEFICIT OF HOTEL ROOMS

In order to quantify the current deficit of hotel rooms in Downtown Boston, an estimate has been made of the room sales lost due to the full occupancy of hotels and the number of rooms that could have been sold to business visitors, tourists and conventioneers if they were currently available. An analysis of convention delegate demand, presented in later pages of this report, concludes that 850 additional commitable hotel rooms are currently needed for conventions. See Table IV-6. At 70 percent annual occupancy, this represents 217,175 additional room sales (occupied rooms) per year. It is estimated that the percentage of tourist visitors who stay in Downtown hotels could be increased from the current 13 percent to 18 percent if the hotel space were available, increasing room sales by 154,463. Annual sales to business visitors who are currently forced to seek accommodations outside of Boston could be increased by ten percent, 95,852 room sales. The total additional annual room sales that could be made currently, if the rooms were available, is estimated at 467,490. Translated into hotel rooms, these potential room sales indicate a current deficit of 1,830 rooms at 70 percent annual occupancy\*.

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\* All calculations are based on a 70 percent occupancy rate, which is lower than the average occupancy rate in Boston for 1978, but higher than the rate has been in other years in this decade, and would provide a reasonable rate of return on investment. If a higher overall occupancy rate is used, fewer new rooms should be needed.

Table IV-6

## CURRENT DEFICIT OF HOTEL ROOMS IN DOWNTOWN BOSTON

	<u>1977 Total Room Sales</u>	<u>Potential Room Sales Lost</u>	<u>Total Potential Room Sales</u>	<u>Rooms Needed To Fill Current Potential Demand</u>
Business Visitor	958,519	95,852	1,054,371	375
Tourist	399,383	154,463	553,846	605
Convention	599,075	217,175	816,250	850
TOTAL	1,956,977	467,490	2,424,467	1,830

Source: BRA Research

Like existing hotel room demand, potential demand is differentiated by class of accommodation desired. Drawing on the hotel survey conducted by the BRA Research Department, it is estimated that 64 percent of the potential current additional business visitor demand is for Class A hotels, 30 percent for Class B, and 6 percent for Class C. Potential additional tourist demand is 37 percent for Class A rooms, 42 percent for Class B and 21 percent for Class C. Potential additional convention-related demand is 61 percent for Class A, 34 percent for Class B, and 5 percent for Class C. See Table IV-7.

Table IV-7

CURRENT DEFICIT OF HOTEL ROOMS IN DOWNTOWN BOSTON  
BY CLASS AND MAJOR USE

	Class A	Class B Number	Class C	Total
Business Visitor	240	112	23	375
Tourist	224	254	127	605
Convention	518	289	43	850
<b>TOTAL</b>	<b>982</b>	<b>655</b>	<b>193</b>	<b>1,830</b>
<b>Percent Composition</b>				
Business Visitor	64%	30%	6%	100%
Tourist	37	42	21	100
Convention	61	34	5	100
<b>TOTAL</b>	<b>54</b>	<b>36</b>	<b>10</b>	<b>100</b>

Source: BRA Research Department Hotel Survey

In estimating the deficit, the seasonality of all three components of demand was considered. December and January are the only two months that have occupancy rates ten percentage points below the weighted annual average 1965-1977. See Table IV-11.

Table IV-8

## SEASONAL COMPOSITION OF HOTEL OCCUPANCY RATES IN BOSTON

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	Weighted Average 1965-1977
January	61.9	59.3	69.8	60.7	62.6	58.6	53.3	53.8	59.7	53.9	49.8	51.4	56.6	59.3	57.8
February	65.0	63.7	73.0	75.0	70.8	60.6	57.8	58.3	57.0	58.1	51.6	54.8	57.2	64.1	61.1
March	67.9	66.4	75.5	78.9	73.1	66.7	62.6	68.0	63.3	68.0	55.1	62.9	65.7	73.5	70.2
April	69.6	71.3	82.3	79.6	80.5	80.1	66.7	78.3	71.1	72.6	68.5	69.8	74.8	80.3	73.9
May	66.0	79.6	78.9	84.2	79.5	71.9	69.4	68.5	73.0	76.1	75.6	74.9	76.1	82.6	74.7
June	68.6	80.7	83.4	82.4	83.1	77.4	72.2	78.3	78.5	80.8	74.7	81.7	81.8	87.6	78.7
July	56.7	67.5	75.0	73.1	74.6	63.5	66.9	67.3	67.4	69.9	61.7	72.3	67.8	76.8	68.0
August	65.3	76.0	82.0	80.2	77.8	77.6	75.3	71.6	72.6	78.1	68.3	76.9	78.3	87.1	75.3
September	73.1	82.0	88.0	80.9	80.6	74.2	77.2	75.6	76.5	73.9	74.2	80.4	84.8	90.1	78.4
October	77.4	91.0	85.5	90.1	85.4	81.6	83.9	87.7	84.8	82.3	83.7	84.1	80.6	89.9	85.1
November	65.5	71.5	72.2	72.3	67.1	62.5	63.0	69.1	64.2	62.4	62.0	59.6	67.6	75.1*	65.8
December	50.0	53.6	56.6	52.4	58.3	51.3	47.3	51.9	50.3	43.9	43.4	55.1	52.8	58.7*	51.1
Total	66.7	72.2	76.8	76.5	74.4	68.9	66.4	68.9	68.3	68.3	64.1	68.9	71.2	77.1*	69.9

Source: Harris, Kerr, Forster and Co.

1965-70 17 hotels with 5,933 rooms  
 1971-72 22 hotels with 7,412 rooms  
 1973-74 22 hotels with 7,295 rooms  
 1975 22 hotels with 7,618 rooms  
 1976 24 hotels with 8,031 rooms  
 1977 22 hotels with 7,233 rooms  
 1978 23 hotels with 7,651 rooms

## V. BOSTON'S HOTELS IN THE NATIONAL PERSPECTIVE

Boston and its metro region have far fewer hotels than many metropolitan areas of equal or lesser size, and the attrition of Boston's hotel stock is evolving at a time of broadening national perspectives for travel and hotel demand. As a consequence, the opportunity for hotel development flows not only from the present demonstrable lag in hotel building in Boston, but also from the national outlook for travel growth and hotel use.

Boston and the Nation's Metro Regions

In comparison with metropolitan areas of similar size, including Montreal, Washington, D.C., and Toronto, Boston has fewer hotel rooms. See Chart V-5. Other metropolitan areas with significantly smaller populations, including New Orleans, Miami, and Atlanta, have much larger numbers of hotel rooms than Boston.

The Boston metro area also has the third highest proportional concentration of rooms in the deluxe class of fifteen metro areas compared. See Table V-9. The Boston metro area has a very low share of inexpensive rooms; half of the moderately-priced rooms are in the Boston suburban ring; and 97 percent of the deluxe rooms are in Boston's downtown.

Chart IV-5

HOTEL ROOMS IN SELECTED LARGE METROPOLITAN AREAS,  
BY POPULATION SIZE

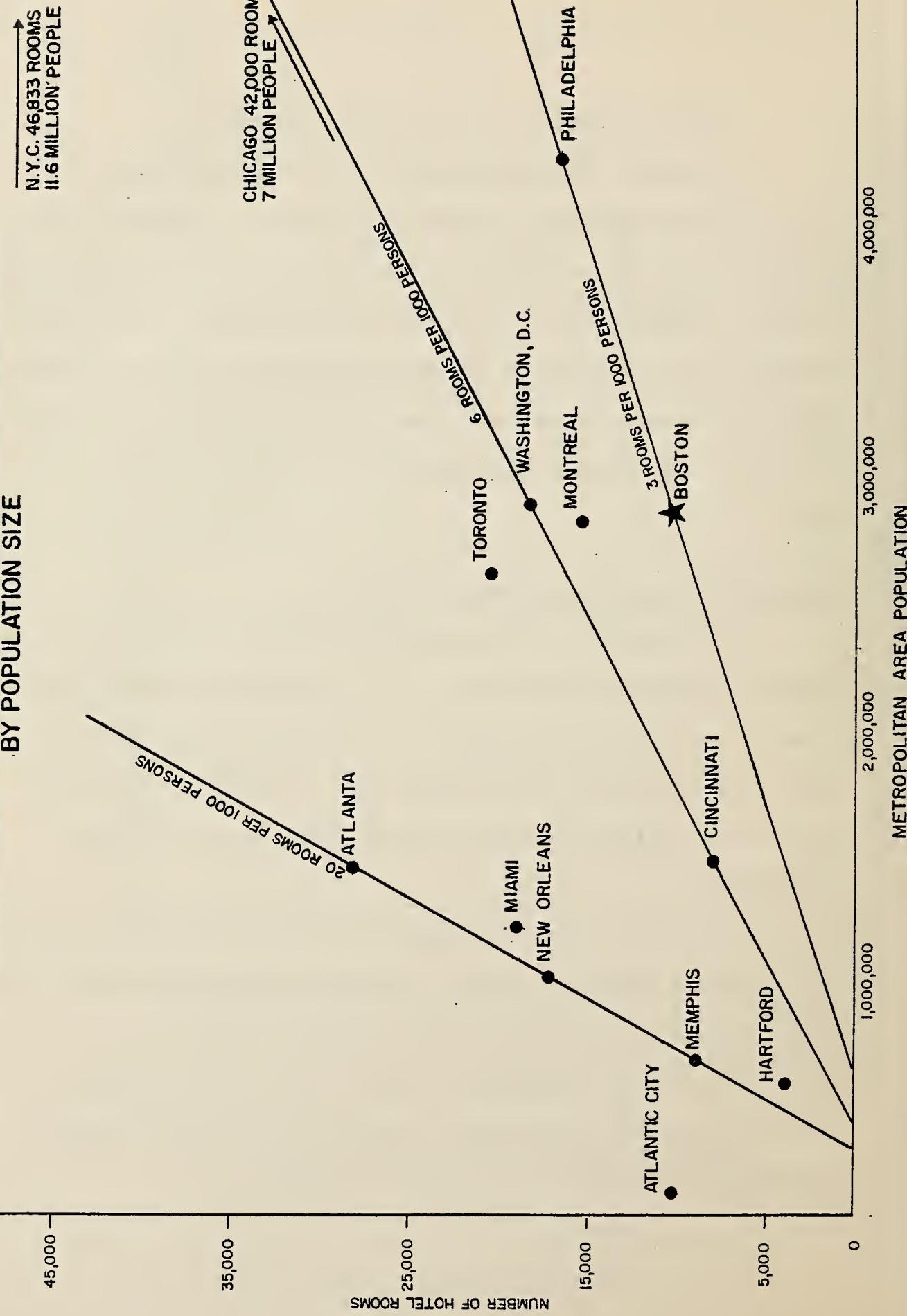


Table V-9

PRICE RANGE FOR HOTEL/MOTEL ROOMS IN THE  
METROPOLITAN AREAS OF AMERICAN CITIES

City	Total Rooms	Deluxe		Moderate		Inexpensive	
		Number	Percent	Number	Percent	Number	Percent
BOSTON	9,808	4,111	42%	5,075	52%	622	6%
Atlanta	27,781	7,223	26%	11,589	42%	8,969	32%
Baltimore	6,476	1,565	24%	3,389	52%	1,522	24%
Chicago	25,033	9,400	38%	10,906	44%	4,727	19%
Cincinnati	7,456	2,400	32%	3,285	44%	1,765	24%
Cleveland	13,531	2,316	17%	6,992	52%	4,223	31%
Detroit	17,497	5,164	30%	7,453	43%	4,880	28%
Hartford	3,670	1,202	33%	1,630	44%	838	23%
Memphis	9,032	400	4%	6,545	73%	2,087	23%
Miami Beach	18,913	8,342	44%	6,488	34%	4,083	22%
New Orleans	17,192	7,342	43%	5,905	34%	3,945	23%
New York	46,833	14,194	30%	21,499	46%	11,140	24%
Philadelphia	15,725	6,108	39%	8,069	51%	1,548	10%
Pittsburgh	7,719	2,671	35%	3,827	50%	1,221	16%
Washington, DC	17,792	6,958	39%	7,554	43%	3,280	18%

Source: Harris, Kerr, Forster and Co./GBCTB/BRA Research Department.

In the last twelve years Boston hotels have had occupancy rates higher than the national average every year and, in 1974, the Boston rates were the highest of twelve major cities surveyed. See Chart V-6 and Table V-10. An examination of daily occupancy data for six of the major hotels reveals occupancy rates of 95 to 100 percent during certain periods. This condition forces visitors to seek hotels outside of Boston. This conclusion is further substantiated by the high occupancy rates for two major Cambridge hotels during the same periods.

The shortfall in the number of hotel rooms in Boston is also reflected in the squeeze which conventions must endure when meeting in Boston. According to the Greater Boston Convention and Tourist Bureau, some conventions that have met perennially in Boston already have outgrown the hotel space available and are unable to return to Boston. In past decades when more hotel rooms were available, Boston could accommodate groups with greater attendance. Now Cambridge and the suburban communities are pressed into service to house the delegates of large conventions.

Chart IV-6

AVERAGE ANNUAL HOTEL OCCUPANCY RATES

PERCENT OF  
ROOMS OCCUPIED

H-5

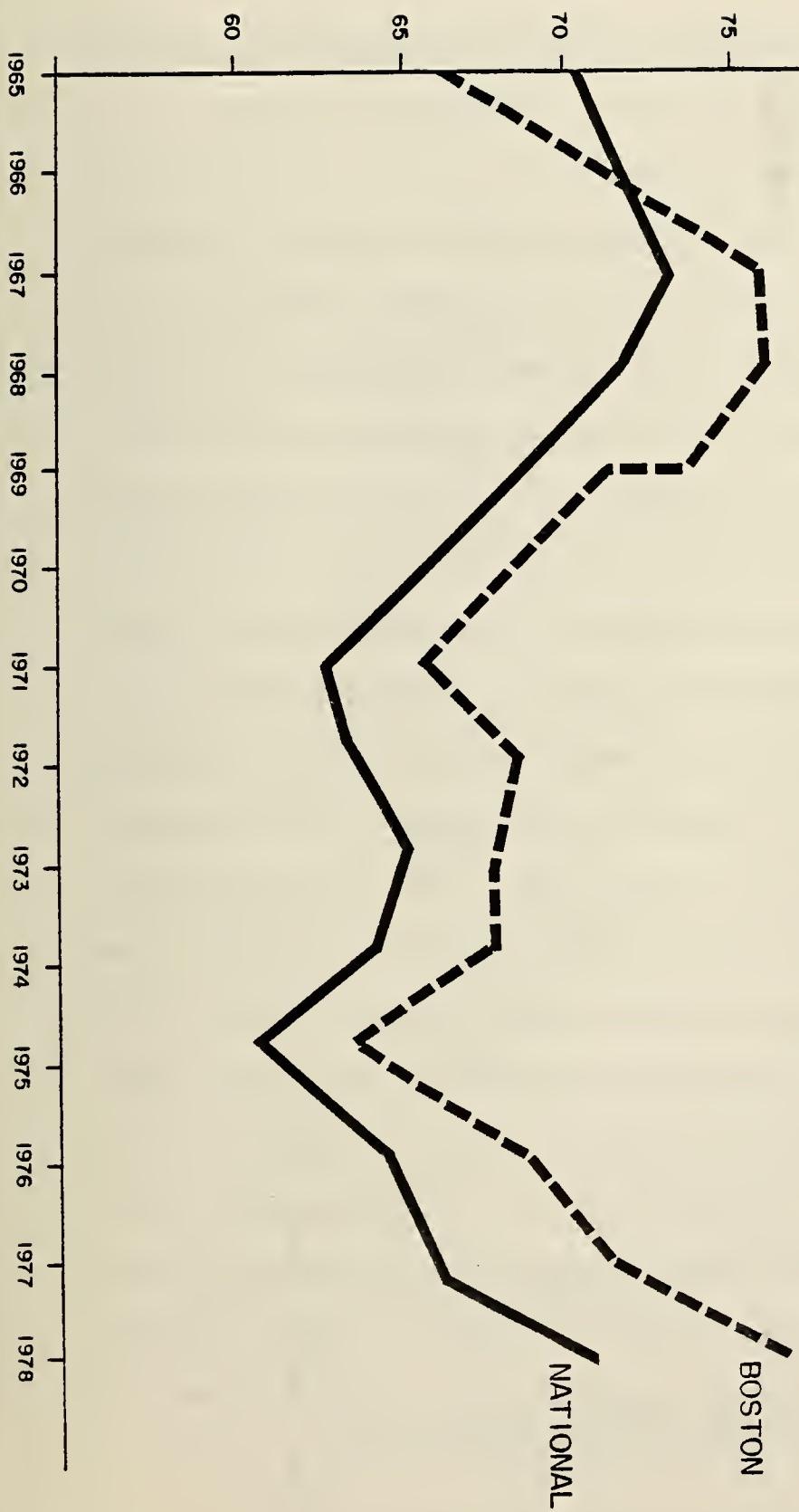


Table V-10

## AVERAGE ANNUAL HOTEL OCCUPANCY RATES

National	<u>BOSTON</u>	<u>Atlanta</u>	<u>Baltimore</u>	<u>Chicago</u>	<u>Denver</u>	<u>Houston</u>	<u>L.A.</u>	<u>New Orleans</u>	<u>N.Y.C.</u>	<u>Phil.a.</u>	<u>San Diego</u>	<u>Washington, D.C.</u>
1956	78.9											
1957	76.7											
1958	73.4											
1959	73.0											
1960	71.8											
1961	70.2											
1962	68.8											
1963	66.7											
1964	68.9											
1965	70.3											
1966	71.2											
1967	73.6											
1968	72.6											
1969	72.3											
1970	66.7											
1971	63.2											
1972	64.1											
1973	65.4											
1974	64.9											
1975	61.6											
1976	65.0											
1977	67.6*											
1978	71.0*											
		77.1*										

Source: Harris, Kerr, Forster and Co.

\* Estimated.

National Perspectives for Travel and Hotel Demand

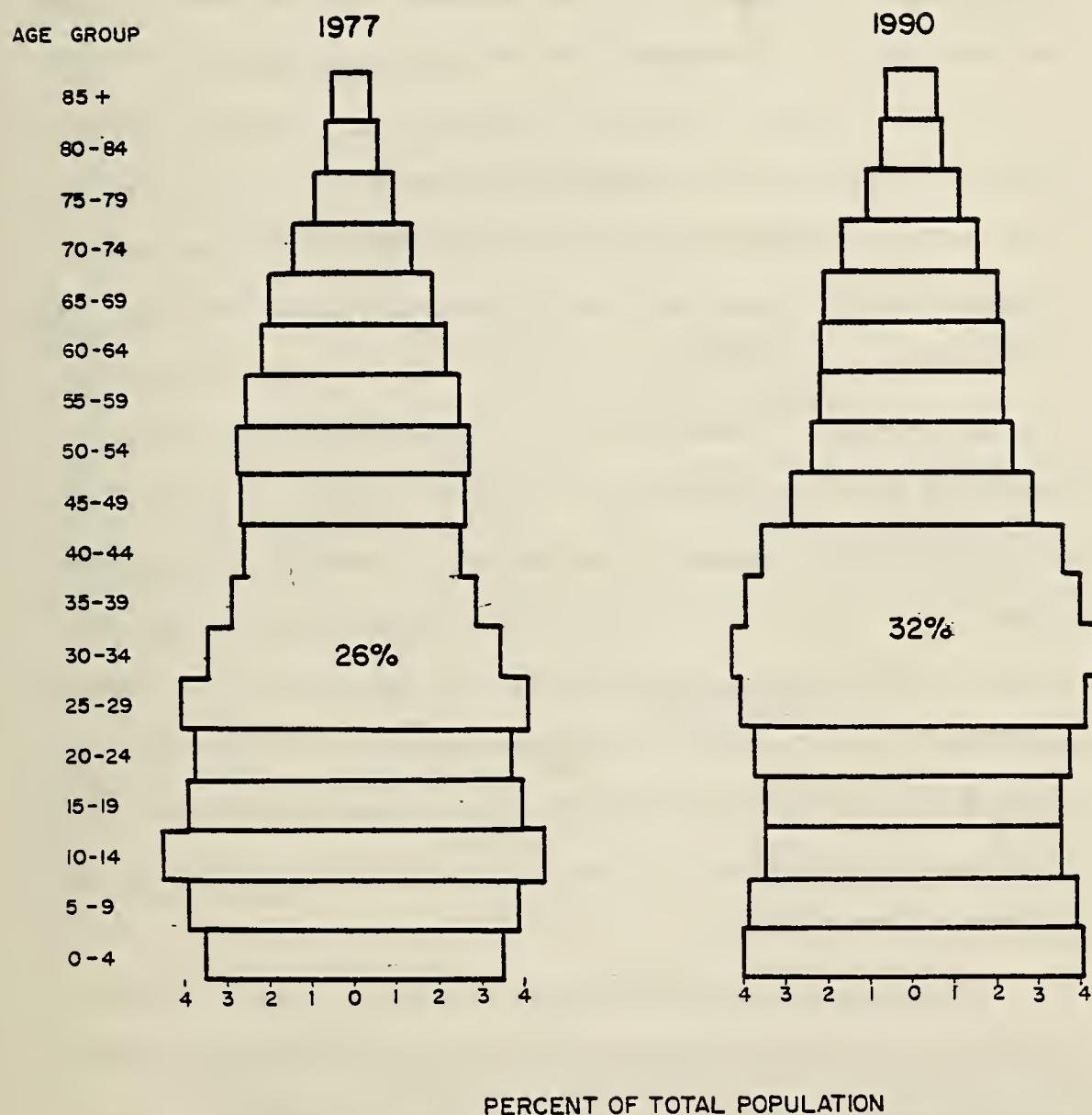
The future demand for hotel rooms in Boston will also be responsive to national horizons for growth in income and changes in consumer travel patterns. These are related to the anticipated performance of the national economy and the outlook for population growth. For the purposes of this study, official and private prognoses on the nation's future have been utilized. The nation's population is projected to increase at an annual rate of one percent, from 1978 to 1990, as the rising share of women in the child-bearing age groups, relative to the total population, offsets the declining birth rate. Production (gross national product), measured in prices of constant value, is projected to increase at a rate of five percent per year, from 1978 to 1990, in a thriving full employment economy. Employment would grow at two percent per year, as the rate of unemployment is reduced and as the share of population in the labor force age groups, and the labor force participation rates, increase. Disposable personal income would increase at an annual rate of five percent, paralleling that of production. These growth rate projections represent optimistic goals for the national economy for the next twelve years to 1990, and are similar to growth rates

experienced in the 1960s and in other periods of national economic expansion.

In the framework of a growing national economy, the demand for hotel rooms would rise even more rapidly. Although total population is projected to increase by only one percent per year, anticipated changes in the demographic characteristics of the population signal important prospective changes in travel demand. The 25-44 year old age group numbered 56 million in 1977, equal to 26 percent of the U.S. population and accounted for 40 percent of total travel expenditures, according to the 1972 Travel Expenditure Survey. By 1990, this age group, with a higher propensity for travel, will comprise 32 percent of the population, when their number will reach 78 million, representing an annual growth rate of 2.8 percent, almost three times the annual average. See Chart V-7. The income levels, types of jobs, educational backgrounds, life styles and expenditures patterns of these people will further strengthen the future market demand for hotel rooms. The more than proportional increase in the number of young adults, the related projected increase in the rate of household formation, and the rise in the number of two-worker households, a continued national economic recovery, and rising income levels are expected to lead to a strong increase in travel and hotel demand.

V-9  
Chart V-7

U.S. POPULATION BY AGE GROUP



Source: BRA Research Department  
U.S. Department of Commerce, Bureau of the Census,  
- Projections of the Population of the U.S.: 1977-2050

The effects of these national trends on the three segments of hotel demand - business visitor, tourist, and convention demand are analyzed in chapters of this report which follow.

The national trends are dominant, but regional, state, and city trends are also important. New England and Massachusetts will have annual growth rates of labor force and gross product slightly less than the projected national average. The growth rate of productivity, however, may be greater than the national average. Boston, with an expanding economic base in tune with future prospects for the nation, has a potential for economic growth. Boston's population is expected to increase modestly in line with the preference of young adults for city living. Boston's fiscal prospects and the outlook for reducing the role of the property tax seem brighter following important gains in fiscal measures adopted by the State legislature this year, and the promise of property tax reduction proposed by Governor Edward King.

Projections of the national, regional, state, and city economies are based on an analysis of historical trends and several economic forecasting models. These include the Treyz-Friedlaender model of the Massachusetts economy commissioned by the Massachusetts Senate Ways and Means Committee, the Data Resources, Inc. national forecasting model, Conference Board

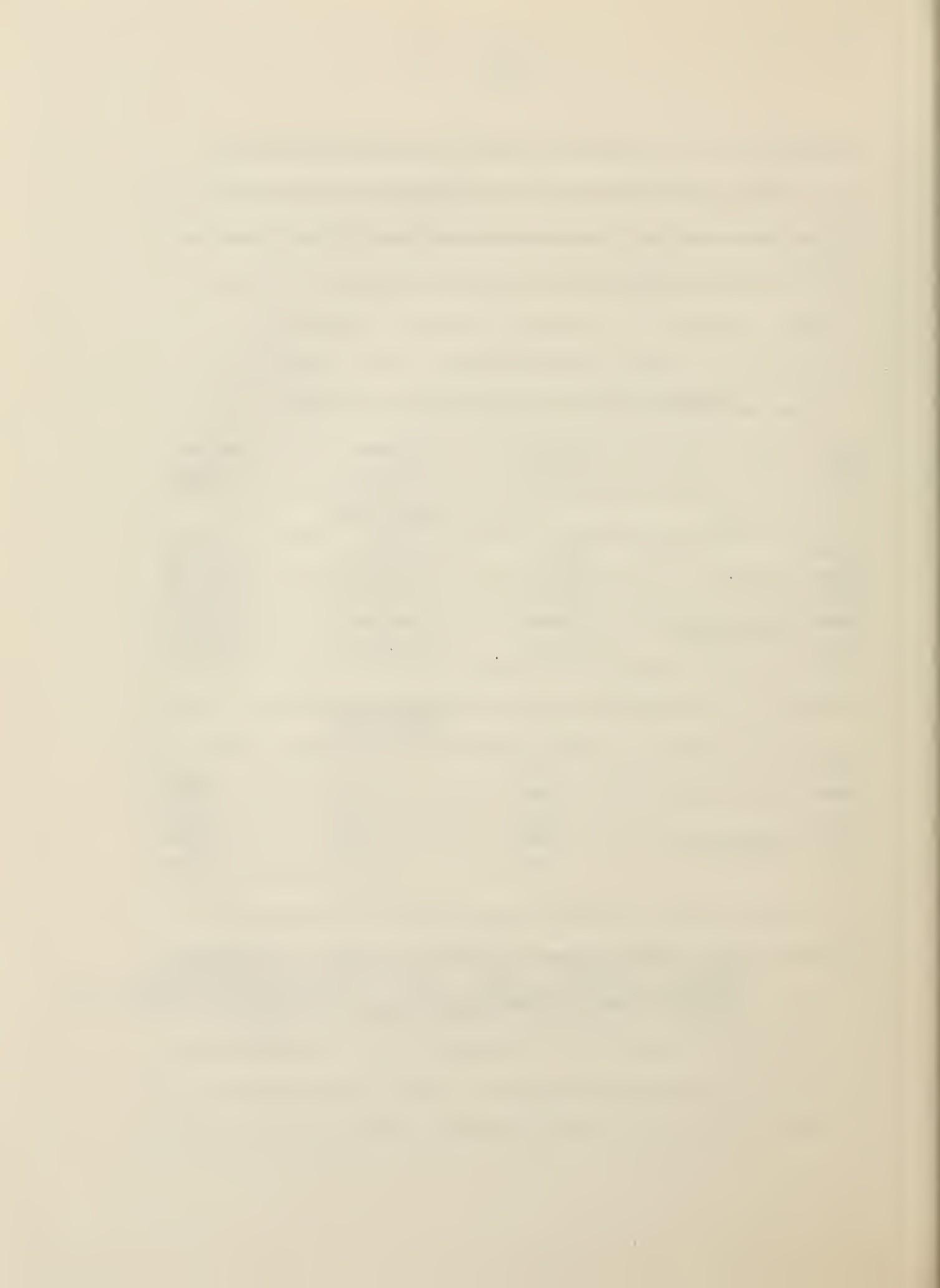
projections, U.S. Bureau of Census population projections,  
 U.S. Bureau of Labor Statistics employment and population  
 projections, and the Massachusetts Office of State Planning  
 projections of population and employment.

Table V-11

## BOSTON ECONOMIC TRENDS AND PROJECTIONS

<u>Year</u>	<u>Downtown</u>	<u>City of Boston</u>	<u>Metro Area</u>
<u>Population</u>			
1960	45,620	698,081	2,589,301
1970	46,872	641,071	2,753,700
1975	53,903	637,986	2,892,588
1985	Projected 72,500	662,000	3,120,000
1990	82,000	674,000	3,206,000
<u>Employment</u> (Thousands)			
1960	237	551	1,198
1970	256	576	1,435
1975	270	521	1,390
1985	Projected 315	580	1,553
1990	342	620	1,654

Source: Boston Redevelopment Authority, Research Department,  
Boston - A Special City; George Treyz, Massachusetts  
Economic Policy Analysis Model, University of Massachusetts,  
 Amherst; Al Sanders, State Office of Planning.



## VI. TOURIST DEMAND

Tourism Trends and Prospects in the United States

The national travel industry, including lodging and tourism, with a five percent annual growth rate, following the recession years of the early 1970s, is one of the faster growing sectors of the American economy and is expected to expand even more rapidly as the population ages and becomes more affluent. See Table VI-12. Expenditures in the tourist industry were \$113 billion, in 1976, amounting to nine percent of total disposable personal income. These outlays are projected to increase faster than in the recent past, at a rate of five percent per year to 1990, (measured in dollars of constant value). The 25 to 44 year old age group, the prime travel age group and the one expected to grow most rapidly, accounts for forty percent of travel in the United States and the income of this group is projected to increase substantially in the next decade. These young adults include a large number of two-income households and have more discretionary income to spend on travel. According to Business Week (February 20, 1978), "demographic trends suggest that more dollars will be going to small consumer durables, entertainment, travel, recreation, adult education,

Table VI-12

## TRAVEL INDUSTRY RECEIPTS

	<u>Lodging Receipts</u>	<u>Entire Industry Receipts</u>	<u>Travel Generated Receipts</u>
	(Millions of Dollars of Constant Value at 1977 Prices)		
1973	15,497	138,471	
1974	15,080	143,741	
1975	15,228	144,974	92,230
1976	16,678	153,893	112,625
1977	17,148	160,301	

Annual Rates of Change  
(In Percent)

1973-1977	2.6	3.7	
1975-1976	9.5	6.2	22.1
1975-1977	6.1	5.2	

Source: U.S. Travel Data Center, June 16, 1978. Entire Travel Industry Receipts include all receipts of Amusements, Lodging, Gasoline Service Stations and Eating and Drinking Establishments. Travel generated expenditures refers to expenditures generated by trips of 100 miles or more and overnight trips of 50 miles or more.

and other convenience and experience-oriented goods and services". The rising standard of living, higher educational levels, and more leisure time of Americans and the increasing tendency to view vacations as a necessity rather than a luxury all contribute to the increasing propensity of Americans to travel. Domestic tourism is also expected to grow more rapidly because of the increasing cost of travel abroad. In 1978, international tour prices are up twenty to twenty-five percent over 1977.

Based on these factors, the number of tourists is projected to increase nationally at an annual rate of more than six percent from 1977 to 1990. According to the U.S. Travel Data Center, Massachusetts captures 2.3 percent of national tourism, and, according to Kindahl & Cournoyer, Boston captures 20 to 25 percent of tourism in Massachusetts. The number of tourists who visit Boston depends on the projected population of the country, each state, per capita income, educational level, propensity to travel, distance from Boston, and perceived attractiveness of Boston as a tourist destination.

#### Tourism in Boston; Current Trends and Future Prospects

Boston is in a stage of expansion of tourist visitors due to the national travel factors noted above and the rising

awareness of the attractiveness of Boston as a destination. Not only does Boston have a rich history made invitingly visible by the preservation and restoration efforts of recent years, but it now offers a vibrant, upbeat atmosphere that is attracting people from all over the world. Convention delegates and business visitors are returning as tourists.

A recent newspaper editorial comment had this to say:

'When the National Governor's Conference held its 70th annual meeting in Boston last week, the home of the bean and the cod won rave reviews among the 39 chief executives, their families, and the more than 1,200 staffers, lobbyists, representatives of federal agencies and other participants in the three-day conclave. Echoes of the same raves have been filtering through from elsewhere too.

'Restauranteurs, hotel-keepers, cabbies all claim they are doing more business than ever before. Quincy Market, now filled out with the North Market Building, is drawing one million visitors a month. Museums report attendance is up 18 percent over last year's total and up 26 percent for the month of July. The information booth on the Common had 61,000 visitors in July 1977; this July the figure was 85,000. One day last week, people from 22 different countries stopped at the foreign visitors' bureau at 15 State St. And, come to think of it, there is good reason for all the attention Boston is getting....

If it is history that draws people to Boston, it is the vibrance of its old-and-new mix that entralls and holds them. If Quincy Market is the handsomest and liveliest restoration in the nation, Beacon Hill and the North End are the best examples of Old Boston, with City Hall and its plaza representing the New Boston nearby..... \*

---

\* Boston Globe editorial, September 3, 1978.

Visitors to Boston's principal historic and cultural attractions rose steadily from 4.9 million in 1970 to 6.3 million in 1975, and notably in the national bicentennial year of 1976 to a level of 7.1 million. This was followed by a modest post-bicentennial slump in 1977 to a level of 6.5 million, which still exceeded the 1975 visitor level. In 1978, Boston experienced a noteworthy rise in visitors to an estimated level of seven million. See Tables VI-13 and VI-14. The annual rate of growth in visitors to Boston was 4.6 percent, in the period 1970-78, and an estimated 7.1 percent, in 1978, in comparison with 1977.

A number of tourist attractions in Boston are showing spectacular growth rates in 1978. Visitors in 1978, at such historic sites as Bunker Hill, Faneuil Hall, Old State House, Old North Church, Paul Revere House, Charlestown Navy Yard, and Old South Meeting House have increased by 76 percent in comparison with the first seven months of 1977. Attendance at the Museum of Fine Arts is up 62 percent, largely due to the Pompeii AD79 exhibit. The Museum of Science had a record-breaking 976,000 visitors in the 1978 fiscal year, representing an increase of 12 percent over 1977. Attendance at the Planetarium was up 28 percent. Similarly, the New England Aquarium and the Institute of Contemporary Art have all had significant increases

Table VI-13

## VISITORS TO BOSTON'S PRINCIPAL HISTORIC AND CULTURAL ATTRACTIONS

	1978*	1977	1976	1975	1970
<b>I. Principal Attractions in Continuous Operation Since at Least 1970</b>					
Children's Museum	182,294	200,000	178,200	178,000	147,443
Children's Zoo	71,695	75,851	54,007	99,569	212,711
Gardner Museum	131,014	153,611	174,311	198,346	146,763
Museum of Fine Arts	909,373	562,629	461,378	523,517	592,944
Museum of Science	1,033,421	986,517	829,710	821,188	576,945
New England Aquarium	883,029	818,931	805,418	838,634	767,264
Prudential Skywalk	316,231	393,279	568,053	461,918	617,141
U.S.S. Constitution	573,777	607,083	911,243	896,773	673,670
Sub-Total	4,100,834	3,797,901	3,982,320	4,017,945	3,734,881
<b>II. Newer Attractions</b>					
Boston Tea Party Ship and Museum	157,714	138,995	183,011	150,093	-
City Hall Visitor Center	136,431	39,935	74,932	9,230	-
Hancock Observatory	323,393	328,627	100,000	-	-
Institute of Contemporary Art	85,714	30,000	22,000	7,841	-
Old Ironsides Museum	78,898	68,471	83,430	-	-
"Where's Boston"	97,975	212,966	487,761	196,048	-
Sub-Total	880,125	818,994	951,134	363,212	-
<b>III. Other Attractions#</b>	1,987,070	1,887,858	2,169,727	1,924,575	1,132,488
<b>IV. Total Visitors</b>	6,968,029	6,504,753	7,103,181	6,305,732	4,867,369

## Table VI-13 (Continued)

\* Estimated; based on information for the first seven months of 1978. In the case of the Museum of Fine Arts, the number of visitors in the last five months of 1978 is assumed to equal 5/12 that in the year 1977.

# Includes the following attractions:

Boston Common Information Center  
Bunker Hill Monument  
Faneuil Hall  
First Church of Christ Scientist and Mapparium  
King's Chapel  
Museum of Transportation  
Old South Meeting House  
Old State House  
Park Street Church  
Paul Revere House  
State House  
Visitor Information Line  
"Whites of Their Eyes"

Incomplete information was supplemented by estimates, as follows:

1970 Estimated  
1975 Two attractions estimated  
1978 Based on information for the first seven months of 1978 for six attractions

- Not in operation

Sources: Greater Boston Convention and Tourist Bureau  
BRA Research Department

Table VI-14

ANNUAL RATES OF GROWTH IN  
VISITORS TO BOSTON'S PRINCIPAL HISTORIC AND CULTURAL ATTRACTIONS  
(In Percent)

1970-75	+5.3
1975-76	+12.6
1976-77	-8.4
1977-78	+7.1
1970-78	+4.6

Source: Table VI-13

in the number of visitors.

The number of overseas visitors is up by 50 percent over 1976 largely due to improved foreign visitor services in Boston and the falling value of the American dollar in international exchange.

The attraction most mentioned as a drawing card for tourists from all over the country and the rest of the world is the recently renovated Faneuil Hall Marketplace and Waterfront. More than 12 million people visit the Marketplace each year. The first six months of 1978 have been marked by an estimated 25 to 35 percent increase in the number of visitors, and, with the opening of the North Market Building in August, 1978, Faneuil Hall Marketplace is expected to draw even more visitors.

According to a study commissioned by the Commonwealth of Massachusetts and prepared by Bulent Kastarlak, Boston has 316 tourist site attractions and one-third of these are of national significance. In addition, there are 200 event attractions. Of the site attractions, 78 percent can be used year round and 95 percent of the event attractions are year round, revealing a broad base for Boston's tourism resources. Boston's

tourist sites and ancillary services and facilities are in top shape due to large expenditures for the Bicentennial celebration. The City marshalled private sector and neighborhood participation in extensive renovation and beautification projects. Improvements in tourist information programs during 1976 continue to facilitate the sightseeing activities of visitors to Boston. A sign of the trend is the steady continued growth in air travel passengers arriving and departing Logan Airport.

See Table VI-15.

In 1977, 4,800,000 tourists visited Boston, reflecting an annual growth rate of 7.4 percent, in comparison with 1970. See Table VI-16. Tourism to Boston is projected to increase at an annual rate of six percent to 1985 and 4.5 percent from 1985 to 1990. According to these projections, there will be 7,650,471 tourists in 1985 and 9,533,879 in 1990. Assuming that 18 percent of these stay overnight, there will be increases in hotel room sales to tourists of 483,364 from 1977 to 1985 and 217,316 from 1985 to 1990. Translated into hotel rooms, these figures indicate that 1,892 new hotel rooms for tourists will be needed by 1985 and 851 more by 1990. The total requirement for the next 12 years would be 2,743 new hotel rooms. See Table VI-17.

Table VI-15

AIR TRAVEL PASSENGERS ARRIVING  
AND DEPARTING LOGAN AIRPORT

Year	Total	Number
		International
1960	2,939,344	139,078
1970	9,392,625	916,406
1975	10,515,390	1,386,011
1976	11,395,537	1,514,722
1977	12,119,811	1,635,011
1978	13,543,062	1,837,636

Annual Rate of Growth  
(In Percent)

1960-78	8.9	15.4
1970-78	4.7	9.1
1975-78	8.8	9.9
1977-78	11.7	12.4

Source: Massport, February 9, 1979

Table VI-16

ROOM SALES TO TOURISTS AND  
ESTIMATED NUMBER OF TOURISTS TO BOSTON

Room Sales to <u>Tourists</u>	Number of Tourists Staying in Hotels	Total Number*	Percent of Tourists Staying in Hotels
1970		2,903,000	
1973		3,400,000	
1974		3,000,000	
1975		5,600,000	
1976		5,700,000	
1977	399,383	623,037	4,800,000
1978*	428,400	668,304	5,140,800
1985	882,747	1,377,085	9,650,471
1990	1,100,063	1,716,098	9,533,879

Annual Rates of Growth (In Percent)

Actual

1970-75	14.0
1975-76	1.8
1976-77	-15.8
1977-78*	7.1*
1970-77	7.4
1970-78	7.4

Projected

1977-85	6.0
1978-85	5.8
1985-90	4.5

Increase in Hotel Rooms Demanded by Tourists

	<u>Increase in Room Sales</u>	<u>New Rooms Required</u>
1977-85	483,364	1,892 (includes 605 current deficit)
1985-90	217,316	851
Total		2,743

\* Estimated

Sources: Greater Boston Convention and Tourist Bureau.  
BRA Research Department, "Analysis of the Impact  
of the U.S. Bicentennial...."

Table VI-17

## PROJECTED INCREASE IN TOURIST DEMAND FOR HOTEL ROOMS

	<u>Projected Increase in Room Sales</u>	<u>New Rooms Required</u>
Current Deficit	154,463	605
1977-85	328,901	1,287
1985-90	217,316	851
Total	700,680	2,743

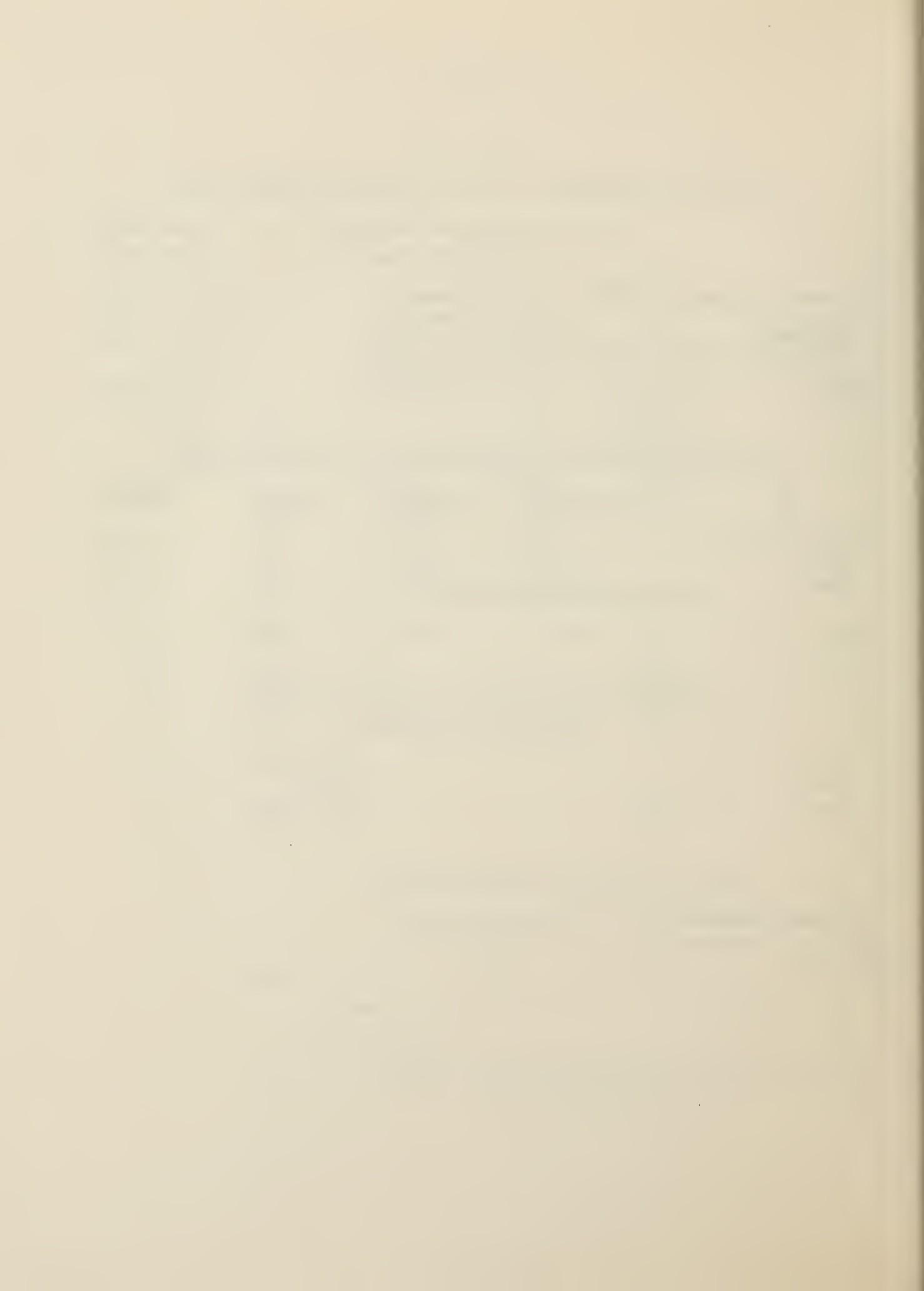
New Rooms Required to Meet Tourist Demand by Class

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>
Current Deficit	224	254	127	605
1985	579	489	219	1,287
1990	468	281	102	851
Total	1,271	1,024	448	2,743

Number of Tourist Hotel Rooms in Boston,  
Present and Projected

1978	1,413
1985	3,305
1990	4,156

Sources: Table VI-16;  
BRA Research



## VII. BUSINESS VISITOR DEMAND

A 1977 Gallup poll reported that business accounts for \$8.5 billion in airline ticket expenditures, representing 52 percent of total air travel, and that business' share is increasing. According to studies by the U.S. Travel Data Center, business travel expenditures, nationally, rose by 39 percent from 1975 to 1976, much faster than the 22 percent growth in pleasure travel expenditures.

The City of Boston is the commercial, financial, and transportation center of the Massachusetts and the New England economy. Boston accounts for 21 percent of employment in Massachusetts, even though it makes up only eleven percent of the population. In addition to employment, Boston provides numerous government, medical, educational, and other services for the population of New England which is now over twelve million.

The vitality of commercial activity in Boston and particularly in Downtown Boston generates a large volume of business visitors to the City from the New England region and the rest of the country and the world. The volume of these visitors and the number of hotel rooms they occupy depend on the strength of the Boston economy, and the prognosis for the next twelve years is promising. Boston achieved population

stabilization in the 1970s and broad expansion of the economic base through public and private investment. Boston's expansion has been concentrated in the service industries which account for 58 percent of total employment. In 1976, however, there was also an increase of 3,000 manufacturing jobs in Boston, the largest gain in more than 25 years; and in 1977, manufacturing registered additional job gains. Overall employment levels recovered in 1977, rising by 6,783, after setbacks in the 1970-71 and 1974-75 recession years. Of special significance to hotel demand, Boston's broad range of services activities have experienced job gains consistently over the past fifteen years. With the continuing recovery of the national economy, and with growth oriented toward the services sector, Boston has a potential for modest increases in manufacturing jobs and even stronger long-term growth prospects in services employment. Energy conservation needs now favor central city locations for economic activity. The possibilities for improved utilization of available manpower and infrastructure in large cities also provide the potential for Boston and other cities to play a key role in national economic growth.

In the light of comparative analyses and projections of employment for the national, regional, state, and city economy,

employment in Downtown Boston is projected to increase 27 percent by 1990. The sectoral distribution of employment projections for Downtown Boston is shown in Table VII-18. Each of the 270,000 workers in Downtown Boston generates an estimated 3.6 overnight hotel room sales, on the average. By 1985, each worker is projected to generate more business visitors and an estimated 4.9 hotel room sales per worker due to the expanding vitality and the rate of expansion of business travel nationally relative to the growth in employment in the Downtown economy. As a result, hotel room sales to business visitors are projected to increase by 489,282 by 1985. See Table VII-19. An important factor in the increased volume of business visitors has been the availability of faster and more convenient air transportation. While this increased convenience may lead to more business visitors who do not stay overnight in Boston, the increased number of day-trippers will be more than offset by the overall rise in the volume of business visitors.

Employment in Downtown industries is projected to increase by 45,000 jobs by 1985 and 72,000 by 1990. As noted above, these new jobs are expected to generate 489,282 new hotel room sales by 1985. Translated into hotel space, there would be a need for 1,915 new hotel rooms, at seventy percent average annual occupancy. From 1985 to 1990, Downtown employment is projected to

increase by 27,000. These new jobs will generate an additional 269,297 room sales and a need for 1,054 new rooms. When the present deficit of 375 rooms is included, the conclusion is that business visitors will create a demand for 3,344 new hotel rooms by 1990. The growth in demand by business visitors will be mainly for deluxe class hotels in line with business practices, rising standards, and the increasingly more discriminating taste among business visitors. As a result, many of the inexpensive and moderate class hotels will require upgrading.

Table VII-18

EMPLOYMENT PROJECTIONS FOR DOWNTOWN BOSTON  
(In thousands)

	<u>1960</u>	<u>1976</u>	<u>1985</u>	<u>1990</u>	<u>Increase</u> <u>1976-1985</u>	<u>1976-1990</u>
Services	156	202	239	261	37	59
Manufacturing and Trade	62	53	58	61	5	8
Other	19	15	18	20	3	5
Total	237	270	315	342	45	72

Source: Boston Redevelopment Authority, Boston, A Special City, 1976

Table VII-19

PROJECTED INCREASE IN  
BUSINESS VISITOR DEMAND FOR HOTEL ROOMS

	<u>Projected Increase in Room Sales</u>	<u>New Rooms Required</u>
Current Deficit	95,852	375
1977-1985	489,282	1,915
1985-1990	269,297	1,054
Total	854,431	3,344

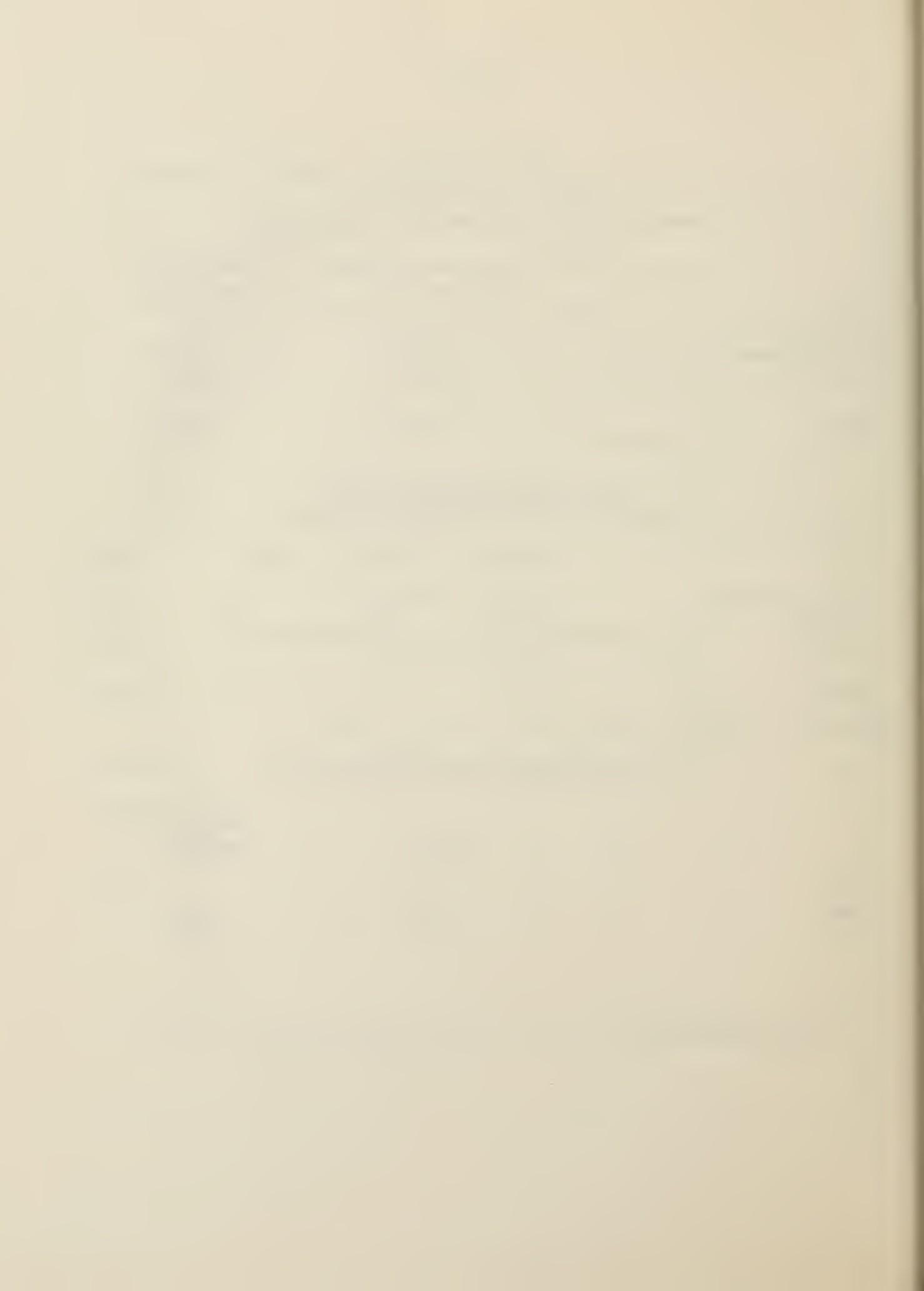
New Rooms Required to Meet  
Business Visitor Demand By Class

	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>
Current Deficit	240	112	23	375
1985	1,436	421	58	1,915
1990	843	190	21	1,054
Total	2,519	723	102	3,344

Business Visitor Hotel Rooms in Boston,  
Present and Projected

	<u>Number</u>	<u>Percent Change</u>
1978	3,393	
1985	5,683	+67
1990	6,737	+99

Source: BRA Research



## VIII. CONVENTION RELATED DEMAND

"Boston is the ideal convention city; it stands unique among all the cities of the United States in the proportion of its physical, industrial, educational, and historical values..."

-- from A. P. Langtry, Metropolitan Boston, A Modern History, 1929.

The following pages of this report analyze current demand for hotel rooms in Boston related to the convention trade, and estimate the future volume of this segment of demand for hotel rooms.

Included in the consideration of convention associated hotel room demand is its relation to available convention facilities and the characteristics of convention facilities which Boston would need if it is to successfully compete with other cities to maintain - or increase - its share of the market of major national conventions.

History of Demand for Hotel Accommodations in Boston Related to Convention Business

The multi-billion dollar convention industry is increasingly viewed as one which can play an important role in the development of a city's economy. In order to attract out-of-town visitors and the dollars they bring to a local economy, more and more cities are competing for a larger share of the

convention market by constructing convention centers and encouraging the development of hotels.

While the convention industry has taken on new significance with the realization of the contribution it can make to a city's economy, periodical meetings of organizations - conventions - are not new. In 1924, more than 300 were held in Boston, and "for purposes covering almost the entire field of human endeavor".\* What is new is the growth in the industry, - both in attendance and facilities requirements - hotel rooms, meeting rooms, assembly hall seats, and exhibition space - of many groups, as well as the total number of groups.\*\*

Boston has hosted approximately 250 conventions per year over the past dozen years.\*\*\* The characteristics of these meetings are quite diverse, reflecting the varied nature of the convention market. This market consists of conventions, trade shows, and certain types of corporate meetings.

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\* Langry, Metropolitan Boston, A Modern History, p. 1099.

\*\* Information on the growth of the industry is rather imprecise. On the growth in facilities requirements, the New York Times reported an estimate of six percent per year, mainly in display and meeting space requirements of large conventions (5/7/78). On growth of the industry, the Times also reported a twelve percent a year increase between 1973 and 1977 in the number of meetings held (12/11/77).

\*\*\* Actually "Greater Boston," as it includes conventions held in suburban hotels. But all large and probably all national conventions meet in Boston.

Conventions are assemblies of associations - for example, professional, religious, social and commercial groups - which meet periodically to discuss the affairs of their groups. Trade shows are primarily exhibitions of manufacturers and/or distributors who display products and services to potential customers. Corporate meetings are gatherings of the employees of corporations for such purposes as education and incentive travel.

Conventions are held by groups which have nation-wide or world-wide membership, as well as by regional and local associations or divisions of national associations. The number of delegates attending these meetings is not correlated to whether they are nationally or regionally based groups. The number of hotel rooms needed, however, is related to the scope of the area from which a convention draws its attendance.

Trade shows, on the other hand, tend to have a regional base. One study reports that trade shows normally receive 50 percent of their attendance from within a 200 to 300 mile radius and 70 percent to 80 percent of their attendance from within a 400 to 500 mile radius.\* Consequently, trade shows generate less hotel room use per number of attendees than do conventions.

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\* James Vas Dias, Pittsburgh Convention/Exhibition Center Market Study, p. 13.

Corporate meetings are often more sporadic than conventions and trade shows and generally use the meeting rooms of large hotels. As used in this paper, the term "convention" refers to all three types of meetings.

The data on Boston conventions and attendance comes from the Greater Boston Convention and Tourist Bureau (GBCTB) which each year tallies the number of conventions scheduled to meet in Greater Boston as well as the estimated attendance.\* In addition, statistics are available for the proportion of all conventions which were national groups. These statistics reveal a yearly fluctuation of no more or less than fifteen percent around the average of about 250 conventions a year, or a fairly constant total. The years 1966 and 1976 were two landmark convention years. In 1966, with Hynes Auditorium and the Sheraton-Boston recently opened and the Statler Hilton Hotel - Boston's second main convention hotel - going strong, more

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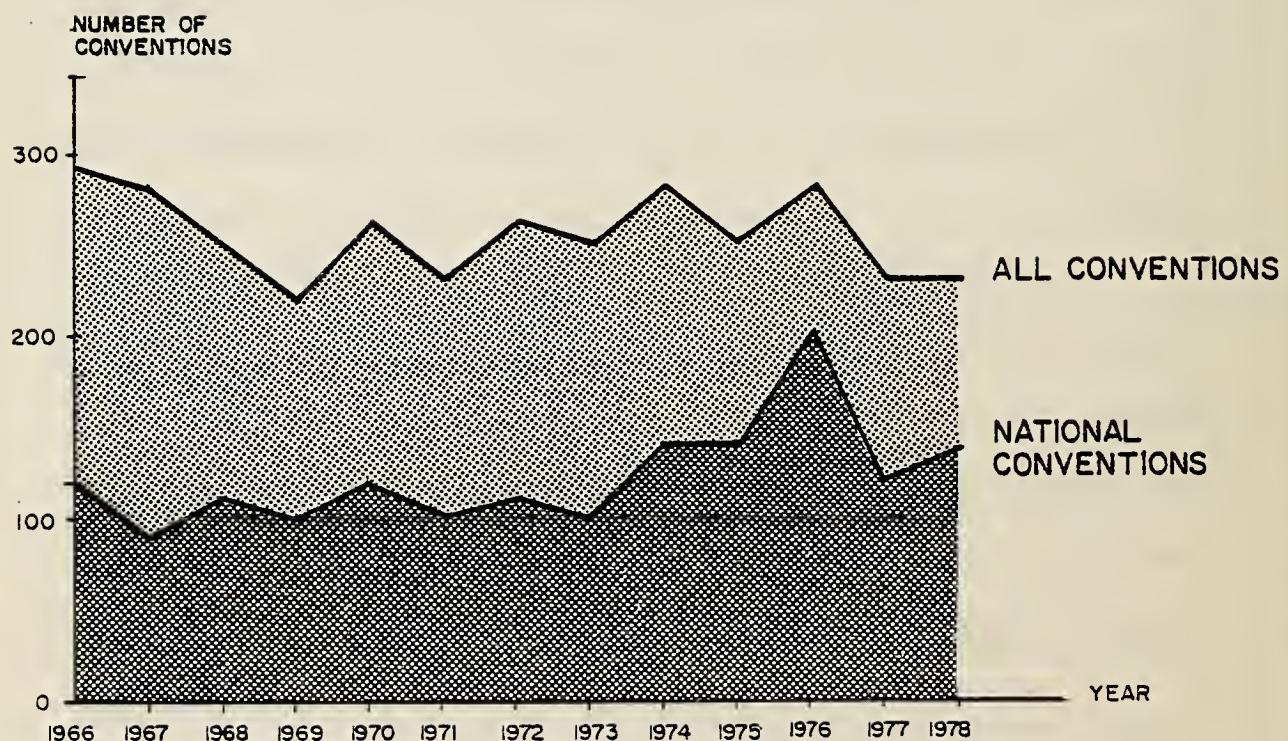
\* These numbers slightly under-represent the total meetings held in any year. The reported numbers of conventions are based on those scheduled as of November preceding the reporting year. Between November and Spring of the following year, approximately 25 to 30 additional, mainly local, conventions book, with an average attendance of 500 each. Also, very few corporate meetings of those held in Boston are counted as conventions by the GBCTB. Consequently, the total number of meetings and attendance reported each year does not represent a complete picture of the numbers of and attendance at group meetings in Boston.

conventions met in Boston than have met here subsequently in any single year. The total number of conventions declined between 1966 and 1969, then fluctuated between 1970 and 1976, alternately rising and falling. In 1976, another big year for conventions in Boston due to Bicentennial interest, 283 conventions met here, nearly as many as in 1966. See Chart VIII-8. Though the number of groups may have been growing nationally, Boston's share of the market has remained fairly constant.

Similarly, there has been fluctuation and no long-term trends evident in estimated average attendance at conventions. Average attendance rose from 790 in 1966 to a peak of 1,290 per convention in 1971 and then declined steadily to 1975, to leap up to 1,071 per convention in prosperous '76. In 1978, average attendance is estimated to be 1,178. See Table VIII-20.

One interesting trend, however, is the increased proportion of national conventions to total conventions in recent years. More national conventions met in Boston each year from 1974 to 1978 than had ever met in the City in any previous year since records have been kept. The initial increase may have been due to the Bicentennial, but as the high proportion of national conventions to all conventions continued in 1977 and

CONVENTIONS IN GREATER BOSTON  
1966-1978



SOURCE: GREATER BOSTON CONVENTION AND TOURIST BUREAU / BRA RESEARCH DEPT.

Table VIII- 20

TRENDS IN AVERAGE SIZE OF CONVENTIONS IN GREATER BOSTON  
1966 -- 1978

<u>Year</u>	<u># of Conventions</u>	<u>Attendance</u>	<u>Average Attendance</u>	<u># National Conventions</u>	<u>National Conventions As a Proportion of All Conventions</u>		
1966	289	227,970	789	116		40%	
1967	275	270,580	984	93		34%	
1968	253	273,780	1,082	106		42%	
1969	221	255,920	1,158	100		45%	
1970	259	307,200	1,186	121	Avg.	47%	Avg.
1971	225	289,950	1,289	95	105	42%	41%
1972	263	291,440	1,108	114		43%	
1973	250	240,000	960	97		39%	
1974	278	236,000	849	141		51%	
1975	246	189,190	769	136	Avg.	55%	Avg.
1976	283	303,220	1,071	197	147	70%	58%
1977	227	179,000	789	120		53%	
1978	228	268,560	1,178	143		63%	
Average	254	256,370	1,016	121			

Source: Greater Boston Convention and Tourist Bureau/BRA Research Department.

1978, it suggests that Boston is becoming increasingly attractive to national groups. This apparent trend is significant because a greater proportion of national to regional conventions implies greater demand for hotel space.

Nationally, the average length of stay at national conventions was 4.45 days in 1973, an increase from 4.29 days in 1966. The average length of stay at regional conventions declined over the same period, from 2.87 days in 1966 to 2.78 days in 1973.\* These numbers suggest that the nights spent at conventions by out-of-town attendees is about double for national compared with regional conventions. If Boston can continue to attract a high proportion of national conventions, a relatively higher number of hotel rooms will be required for a given volume of attendance and more guest nights in hotel rooms given over to convention attendees.

There is unfortunately no information on the trends in the aggregate number of hotel rooms used relative to convention attendance, however, for the period 1966-78, which might reflect increased hotel demand by convention attendees. There is no

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\* International Association of Convention and Visitor Bureaus/73, the fourth delegate expenditure survey.

readily available information on the attendance of national conventions as opposed to total convention attendance; (such information would indicate hotel demand). The only data on hotel rooms used is for the large conventions which the GBCTB assisted in securing housing, which also include regionally based groups.\* Perhaps because of this, there is no evidence of an increasing number of hotel rooms required by large conventions from 1965 to 1978. See Table VIII-21 and Chart VIII-9. Since national conventions have twice the length of stay as regional meetings, and are rising as a proportion of total meetings, however, it would seem to follow that the average length of stay is increasing.

It is interesting to note that in the year with the highest average number of rooms assigned - in 1965, with close to 3,000 assigned per convention - there were more hotel rooms in Boston than there were in 1978. In 1978, also a year with high average attendance, groups requiring in excess of about 2,600 hotel rooms are being housed in suburban hotels, often inconveniently distant from Boston's convention facilities.

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\* Except for 1978, these include only those conventions which required over 1,500 rooms and which chose not to make their own housing arrangements. In 1978, the rooms reserved by all large groups - even those making their own housing arrangements - were tallied.

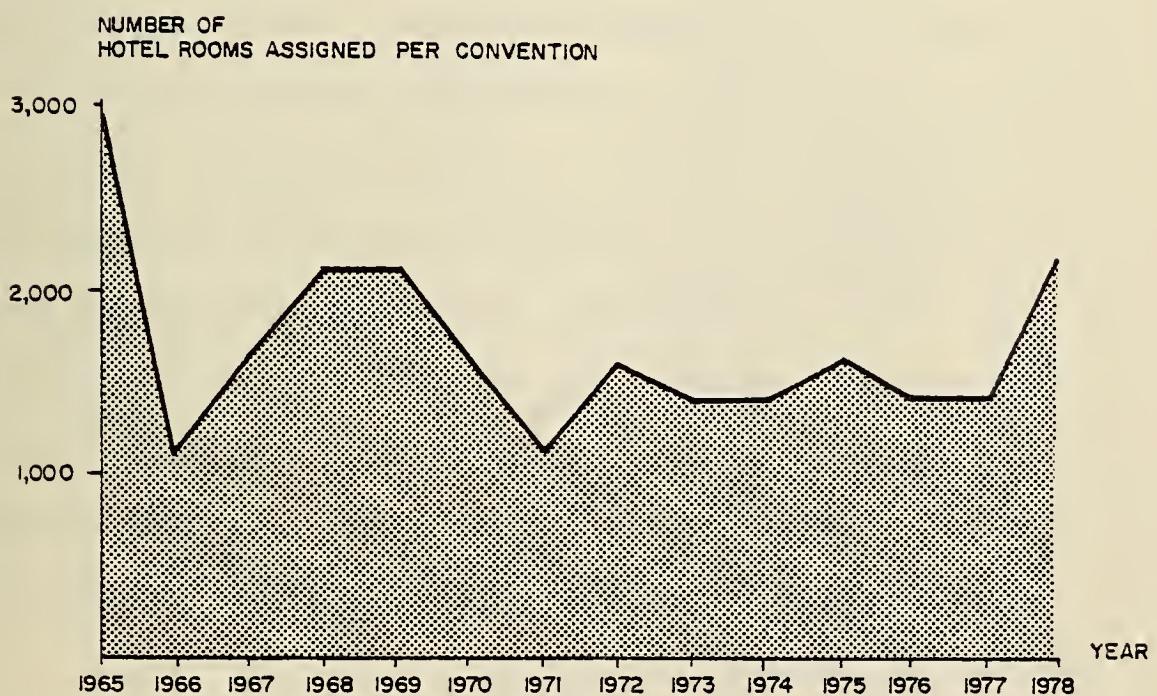
Table VIII-21

ROOMS ASSIGNED FOR MAJOR BOSTON CONVENTIONS BY THE GBTCB  
1965-1978

<u>Year</u>	<u># Groups Served</u>	<u>Total Rooms Assigned</u>	<u>Average Rooms Per Group</u>
1965	2	5,861	2,930
1966	10	11,251	1,125
1967	13	20,874	1,607
1968	14	28,907	2,065
1969	12	25,287	2,107
1970	19	29,673	1,562
1971	9	10,050	1,117
1972	10	15,597	1,560
1973	10	13,876	1,388
1974	7	10,078	1,440
1975	11	17,272	1,570
1976	17	24,533	1,443
1977	12	16,407	1,367
1978	16	35,000	2,188

Source: Greater Boston Convention and Tourist Bureau

AVERAGE NUMBER OF HOTEL ROOMS ASSIGNED BY THE GBCTB  
FOR LARGE CONVENTIONS, \* 1965-1978



\* CONVENTIONS NEEDING MORE THAN 1,500 ROOMS

SOURCE: Greater Boston Convention and Tourist Bureau

With more hotel rooms in Boston, the hotel spillover now being accommodated in suburban communities could be housed in Boston. The suburban hotel stock could then house the spillover of even larger conventions.

Trends in Facilities Requirements of Boston's Large Conventions and Future Demand for Facilities

Boston has traditionally attracted many groups which are among those that have experienced considerable growth in attendance and facilities requirements. The Boston area has a large number of professionals relative to the population - such as members of medical professions, educators, and scientists - and attracts meetings of medical, educational, scientific, and similar types of associations. The regional economy is relatively strong in manufacturers of modern technology. Trade shows of these groups meet in Boston and their exhibition space requirements have been increasing. In addition, the region is strong in service sector corporations, which hold their corporate meetings in Boston.

As evidence of the growth in size of large conventions which have met in Boston, the change in attendance of a few groups for which information is available is presented in Table VIII-22. Over the periods indicated, these groups

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TABLE VIII-22

CHANGE IN ATTENDANCE AND HOTEL ROOMS BOOKED BY GROUPS WHICH  
MET IN BOSTON 1972-1970

experienced attendance increases ranging from nil to 150 percent and hotel room increases between 21 percent to 93 percent.

In addition, Boston itself seems to be a reason for higher attendance at many conventions that come here. For example, the National Lung Association used 1,559 hotel rooms at their 1977 convention in San Francisco and 2,400 at their recent Boston convention. Similarly, the National Micrographics Association used over 3,600 hotel rooms in Boston this year, compared with last year's 2,800 rooms in Dallas. The American Dietetic Association used 3,793 rooms in Boston in 1976, but only 2,967 at their 1977 convention in Los Angeles.

Boston presently has an insufficient number of committable\* hotel rooms to meet the demand. There are several indicators of convention-related demand for hotel rooms: the present ('77 or '78) hotel requirements of groups which have outgrown or are getting too big for Boston but would return if their facilities requirements could be met (List 1); the needs of large conventions which, in 1976, comprised the market for Hynes Auditorium, given its present capacity, (List 2); and the hotel room requirements of large groups which are, in fact,

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\* Each hotel which is a member of the GBTCB specifies a block of rooms representing the amount which they will commit in advance for conventions.

scheduled to meet in Boston between 1979 and 1985 (List 3).

List 1 includes 21 groups which have met in Boston or recently investigated the possibility of meeting here, identified by the Sales Manager of the Sheraton-Boston Hotel as being constrained from meeting here in the future because of a lack of acceptable housing and/or exhibit and meeting space.

Arranged according to their hotel room requirements, it appears that an insufficiency of commitable rooms prevents many of the groups from meeting in Boston. The majority - 12 - require primarily additional hotel rooms in order to be accommodated here. The balance require more exhibition and meeting space as well as more housing. See Table VIII-23. Indeed, six of the conventions required less than 2,500 rooms during their 1977 conventions, an amount which is seemingly well within the total number of commitable rooms GBTCB lists as being approximately 3,285 or close to half of the City's hotel rooms.

See Table VIII-24.

While this number of commitable rooms is theoretically realistic, there are several reasons why the rooms may not be available, or hotels will not confirm them, for conventions. In the first place, the Boston hotel rooms which are up to the high standards of convention attendees are in shorter supply

Table VIII-23

**LIST 1: FACILITIES REQUIREMENTS OF SELECTED NATIONAL CONVENTIONS WHICH HAVE OUTGROWN BOSTON**

# Hotel Rooms Needed	<u>Name of Group</u>	<u>Attendance</u>	<u>Mtg. Room Requirement</u>	
			<u>Exhibition Space (net sq.ft.)</u>	<u>Auditorium</u>
Less than 2,600	**Am. Soc./Artificial Internal Organs	3,000	8,000	--
	**Am. Soc./Plastic & Reconstructive Surgeons	3,900	11,000	--
	**Nat'l Assn./Retail Growers	4,700	31,000	--
	**Nat'l Recreation & Park Assn.	6,000	25,000	--
	**Technical Assn/Pulp & Paper Industry	3,000	14,000	--
	**Am. Fed/Soc. of Painting Tech. & Nat'l Painting & Coating Assn.	4,000	25,000	--
2,600-3,600	**Am. Academy of Dermatology	5,900	26,000	3,000
	**Am. Chemical Society	10,000	10,000	--
	**Am. Dietetic Assn.	9,500	42,000	4,000
	*Am. Nurses Assn.	8,000	5,000+several	5,000+several
	**Am. Soc./Clinical Pathologists & Colleges of American Pathologists	6,500	42,000	--
	***Nat'l Micrographics Assn.	6,700	50,000	--
	**Society for Nuclear Medicine	6,400	48,000	--
3,601-4,600	**Am. Booksellers Assn.	15,000	74,000	--
	*Am. College of Cardiology	7,000		
	**Nat'l Tire Dealers	9,700	75,000	
4,601-5,600	**Am. Academy of Family Physicians	9,500	64,000	1,000
	*Intn'l Reading Assn.	14,800	47,000	5,000
	**Nat'l Swimming Pool Institute	8,800	49,000	--
5,601-7,600	*Am. Fed/Information Processing Soc.	24,000	100,000+	
	**Shriners	26,000	5,000	4,700

\* 1976

\*\* 1977

\*\*\* 1978

Table VIII-24

## HOTEL ROOMS IN GREATER BOSTON AVAILABLE FOR CONVENTIONS, 1978

	<u>Number of Rooms Commitable for Conventions</u>	<u>Total Hotel Rooms</u>
<u>Boston Hotels</u>		
Within two miles of Hynes Aud.	2,960	5,998
Rest of Boston	325	927
Sub-Total	<u>3,285</u>	<u>6,925*</u>
<u>Outside Boston/ Greater Boston Hotels</u>		
	935	2,883
Sub-Total	<u>935</u>	<u>2,883</u>
GRAND TOTAL	<u>4,220</u>	<u>9,808</u>

\* Does not include 100 rooms in the Essex with permanent residents.

Source: "Boston Hotels", Greater Boston Convention and Tourist Bureau.

than the 3,285 figure suggests. The number of first class, downtown hotel rooms (within two miles of Hynes Auditorium) commitable for conventions is actually closer to 2,600 rooms\*. Secondly, since these reported room requirements are for 1976 and 1977 in the main, they do not necessarily reflect 1978 attendance and housing needs, which are generally higher. In addition, the peak convention season in Boston - April through October - coincides with the peak tourist season. The more successful the GBCTB and other travel promoting agencies are in increasing tourism in the Boston area, the greater will be the competition between this segment of the hotel demand and convention demand.

List 2 includes conventions selected from the 1976 International Association of Convention and Visitors Bureau (IACVB) Index, having exhibition and meeting space requirements that are within the capacity of Hynes Auditorium. Of the 177 groups identified, the vast majority - 79 percent - required less than 2,600 hotel rooms for their 1976 meetings.\*\* Twelve percent of the total - 22 groups - required between 2,600 and

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\* Excluding rooms in Class C hotels.

\*\* Twelve of the groups requiring less than 2,600 rooms, however, actually used 2,500 rooms in 1976. Taking account of the attendance growth they have probably experienced, we would expect these groups would be using at least 2,600 rooms in 1978.

3,600 hotel rooms for their 1976 conventions. The number of groups which could be accommodated by Hynes Auditorium, with its present capacity, diminishes as the size of groups increase. Only twelve additional groups could meet in Boston if between 3,600 and 5,600 commitable hotel rooms were available, and three groups could meet here if between 5,600 and 10,000 units were available. See Table VIII-25.

On List 3, five large national groups, with estimated expected attendance (based on past history of attendance) of over 9,000 are already scheduled to meet in Boston between 1980 and 1985.\* These groups will require between 3,000 and 5,400 commitable hotel rooms, yielding a deficit of between 400 and 2,800. See Table VIII-26.

#### Estimated Unmet Demand

Taking these sources together, it appears that there is a demand for 1,000 additional hotel rooms which are commitable for conventions. This number would have enabled Boston to optimize its present market. The 3,600 commitable room total would have fulfilled the requirements of 12 of the 21 List 1

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\* Boston Conventions, 1978 edition, December 1977.

Table VIII-25

**LIST 2: HOTEL ROOM REQUIREMENTS OF GROUPS WHICH CONSTITUTE  
A MARKET FOR HYNES AUDITORIUM**

<u>Hotel Room Requirements</u>	<u>Number of Conventions</u>	<u>Percent of Total</u>	<u>Present Hotel Room Deficit (Maximum)</u>
Less than 2,600	140	79%	0
2,600- 3,600	22	12%	-1,000
3,601- 4,600	5	3%	-2,000
4,601- 5,600	7	4%	-3,000
5,601- 7,600	1	1%	-5,000
7,601-10,000	2	1%	-7,400
<b>TOTAL</b>	<b>177</b>	<b>100%</b>	

Source: International Association of Convention and Visitor Bureaus,  
Index of Conventions, Selected by L. Koff, BRA, and  
GBCTB Staff.

Table VIII-26

LIST 3: ESTIMATED ATTENDANCE AND HOTEL ROOM REQUIREMENTS OF  
LARGE CONVENTIONS SCHEDULED TO MEET IN BOSTON  
1979 to 1985

<u>Year</u>	<u>Name of Group</u>	<u>Estimated Attendance</u>	<u>Estimated Hotel Room Requirements</u>	<u>Downtown Commitable Hotel Room Deficit</u>	/1
1980	Shriners	15,000	5,400 <sup>/2</sup>	- 2,800	
1982	American Psychiatric Assn.	10,000	3,600 <sup>/2</sup>	- 1,000	
1982	Int'l Congress of Microbiology	10,000	3,600 <sup>/2</sup>	- 1,000	
1982	American Numismatics Assn.	10,000	3,600 <sup>/2</sup>	- 1,000	
1985	American Alliance for Health, Physical Education, & Recreation	9,000	3,000 <sup>/3</sup>	- 400	

/1 Rooms needed in excess of 2,600.

/2 Estimate based on an average proportion of hotel rooms to attendance at national conventions of 36%.

/3 Estimate of meeting director, based on past experience.

Source: Boston Conventions, 1978 Edition, GBTCB, 1/78.

groups; 91 percent of the List 2 groups; and four of the five List 3 groups entirely within Boston.

The 1,000 commitable rooms which would optimize Boston's position for attracting conventions translates into a room requirement of 1,700 hotel rooms, if we assume that hotel rooms commitable for conventions equal about sixty percent of the new rooms available (as is a likely ratio in convention-oriented hotels). Estimating that 1,700 rooms could be occupied fifty percent of the time by convention attendees at a seventy percent annual occupancy rate, Boston is presently losing 217,175 hotel nights per year.\*

The additional 1,000 rooms would be occupied both by individuals who now stay in suburban hotels, as well as attendees of conventions which have been unable to meet in Boston. The 217,175 room nights represent a 36 percent increase over the 1977 proportion of room sales to conventions.

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\* Boston officially has 3,285 commitable hotel rooms, or about half of its total 6,925 rooms. However, it has 6,000 rooms within two miles of Hynes Auditorium, of which about 2,600 - or 43 percent - are commitable and of a quality convention attendees seem to prefer. Adding 1,700 hotel rooms to the stock of 6,000 and 1,000 to the stock of 2,600 commitable rooms raises the percentage of commitable rooms to all rooms to 47 percent.

Keeping Up with Meeting Facility Requirements of Large Conventions and Related Demand for Hotel Rooms

"While there is little question that Boston is an ideal convention city, it still lacks that great desideratum, a modern large-sized convention hall..."

--- A.P. Langtry, Metropolitan Boston, A Modern History, 1929.

The relationship between attendance at conventions and convention facilities which groups require is a close one: as attendance increases, there is a tendency for groups to need more meeting rooms, exhibition space, and more seats in an assembly hall. As shown in the previous section (on the list of groups which have outgrown Boston) that generally the larger groups - those needing in excess of 3,600 hotel rooms & also need additional exhibition space and/or a larger assembly hall. If Boston is to be able to accommodate these groups, it will have to increase its convention facilities, including the number of commitable hotel rooms.

Boston has two main exhibit and convention facilities: Hynes Auditorium and Commonwealth Pier. Hynes Auditorium with approximately 120,000 square feet of exhibition space on two levels and a 30,000 square foot assembly/exhibition hall, is Boston's main convention facility. It is located adjacent to

one of Boston's two major convention hotels - the Sheraton-Boston, whose meeting rooms supplement those of Hynes - and the majority of Boston's downtown hotel rooms. Hynes is used for public assemblies and consumer shows as well as conventions. Approximately twenty of the 250 conventions held in Boston each year are large enough to require Hynes Auditorium.

Boston's other exhibition facility is Commonwealth Pier in South Boston. While the 170,000 square feet of exhibition space on one level in this facility exceeds that of Hynes, it is not located close to Boston's hotels or well served by public transportation; it is deficient in sound-proof meeting rooms; and it does not contain a theater-style assembly hall. Furthermore, while the Pier is owned by Massport, the 170,000 square feet of the exhibition hall is under lease to New England Exhibitions, Inc. - a private organization - which uses it primarily for trade and consumer exhibitions which it sponsors. Consequently, the main concern will be with Hynes in evaluating Boston's facilities for conventions.

The competition among cities for large conventions is keen and care must be taken in planning a larger facility so as not to overbuild and thus incur too great an operating cost

relative to the facility's use and income, and yet not under-build, thereby preventing major national conventions, which would have the greatest impact on Boston's economy, from coming to the City.

Since a convention center is used by large meetings of both national and regional groups, it is well to look at the requirements of these two market segments. Regional (New England) groups comprise something of a captive market. In fact, Boston has little competition for these groups, since it has the largest facility in New England. Only Hartford's Civic Center, with 75,000 square feet of exhibition space, comes close to it in size. Boston also attracts shows which are based in the Northeast region, and for this group it competes with New York and perhaps Philadelphia.

The trade shows, consumer shows, and regional conventions make up a fairly steady and predictable market for a convention facility. They also have large and growing exhibition space requirements. In 1976, a big year for national conventions in Boston, these groups made up half of all those using Hynes' entire 150,000 square feet capacity. See Table VIII-27. They are a base on which to plan for the expansion of

Table VIII-27

## UTILIZATION CHARACTERISTICS OF HYNES AUDITORIUM, 1976

<u>Square Feet Used</u>	<u>Convention</u>		<u>Trade Show</u>	<u>Gate Show</u>
	<u>Regional</u>	<u>National</u>		
30,000	0	5	2	0
60,000	0	9	3	2
90,000	0	5	3	5
120,000	0	0	0	1
150,000	1	8	4	5
Unknown	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
	3	27		
Total		30	12	13

Source: Hynes Auditorium Commission, 1976 Annual Report/BRA

convention facilities because, with no serious regional competition, their continued use of an exhibition hall in Boston can be counted on.

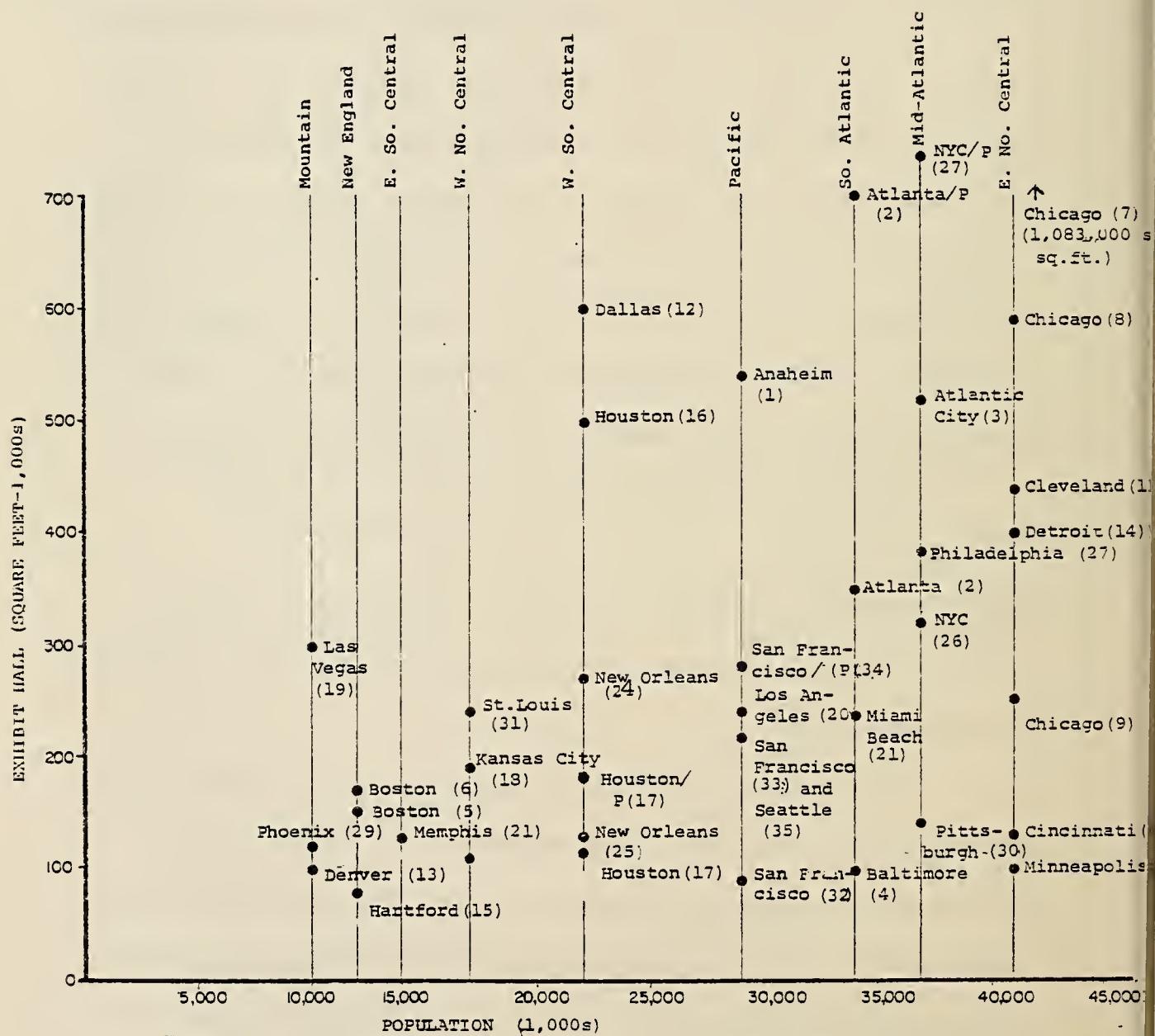
To further illustrate the need for increased exhibition space of this group, the major exhibition halls of 27 cities have been plotted against the population of the regions in which the cities are located. (The regional market is related to regional population and economy, and population here is used as an indicator for convention facility demand.) It appears from the chart that the most populous regions contain the major convention halls. See Chart VIII-10 and Table VIII-28.

With the continued recovery of the New England economy and growth of the regional population, the demand for exhibit space by regional groups will continue to grow in the future and a larger facility should be developed to accommodate them.

Yet, compared with the exhibition halls of other major regional cities which are the centers of 1,000,000+ metropolitan area populations, Boston's Hynes Auditorium is relatively small. This is of some significance since the Boston Metro Area is the sixth largest in the country in terms of population and personal income. See Table VIII-29, which shows the relation of Metro Area population and exhibition hall size.

Chart VIII-10

MAJOR EXHIBITION HALLS IN THE REGIONS OF THE UNITED STATES, EXISTING AND PROPOSED, 1978



Note: Regions are defined as Census Divisions; /P designates proposed facility or expansion.

Source: Bureau of the Census, Population Characteristics, April, 1978  
Brochures from the facilities

Table VIII-28

MAJOR EXHIBITION HALLS IN U. S. CITIES  
(COMPANION TO CHART VIII-10)

<u>City and Name of Facility</u>	<u>Square Feet of</u>	<u>Square Feet of Proposed New</u>	<u>Construction or Expansion</u>
	<u>Exhibition Hall</u>	<u>Proposed New Facility Size</u>	
1. Anaheim Convention Center	535,000		
2. Atlanta: Georgia World Congress Ctr.	352,000	350,000	700,000
3. Atlantic City Convention Hall	520,000		
4. Baltimore Convention Center	100,000		
5. Boston: Hynes Veterans Auditorium	150,000	100,000	250,000
6. Boston: Commonwealth Pier	168,000		
7. Chicago: McCormick Place	1,083,000		
8. Chicago: International Amphitheater	585,000		
9. Chicago: O'Hare Int'l Trade & Exposition Center	250,000		
10. Cincinnati: Riverfront Coliseum	130,000		
11. Cleveland Convention Center	437,000		
12. Dallas Convention Center	600,000		
13. Denver Convention Complex	100,800		
14. Detroit: Cobo Hall	404,000		
15. Hartford Civic Center	75,800		
16. Houston ASTROHALL	500,000		
17. Houston: A. Thomas Convention & Exposition Center	120,500	60,000	180,500
18. Kansas City: Bartle Ctr. & Municipal Auditorium	114,000		
19. Las Vegas Convention Center	300,000		
20. Los Angeles Convention Center	238,000		
21. Memphis: Cook Convention Center	127,000		
22. Miami Beach Convention Center	238,000		
23. Minneapolis Auditorium & Convention Hall	100,000		
24. New Orleans: Louisiana SUPERDOME	270,000		
25. New Orleans: THE RIVERGATE	130,000		
26. New York Coliseum	320,000		
27. New York Proposed Convention Center		750,000	750,000
28. Philadelphia Civic Center	305,000		
29. Phoenix Civic Plaza	120,000		
30. Pittsburgh (opening Spring, 1980)	137,000		
31. St. Louis: Gateway/Convention & Exhibit. Center	240,000		
32. San Francisco Civic Center	90,000		
33. San Francisco: Cow Palace	220,000		
34. San Francisco: New Facility		275,000	275,000
35. Seattle: Washington Center	220,000		

Source: Brochures from facilities.

Table VIII-29

COMPARISON OF THE SIZE OF EXHIBITION HALLS OF THE  
MAJOR CITIES IN REGIONS OF THE UNITED STATES

<u>Census Division</u>	<u>Population*</u>	<u>Major Cities in Region</u>	<u>Metro Area Population**</u>	<u>Exhibition Hall Size (Sq.Ft.)</u>	
				<u>Existing</u>	<u>Proposed</u>
Mountain	10,000,000	Denver	1,228,000	100,800	
		Phoenix	968,000	120,000	
New England	12,000,000	Boston	2,754,000	150,000	250,000
		Hartford	664,000	75,800	
East So. Central	14,000,000	Memphis	770,000	127,000	
West No. Central	17,000,000	St. Louis	2,362,000	240,000	
		Kansas City	1,254,000	186,000	
				114,000	
West So. Central	22,000,000	Minneapolis	1,814,000	100,000	
		New Orleans	1,046,000	270,000	
				134,000	
		Dallas	1,556,000	600,000	
Pacific	29,000,000	Houston	1,985,000	500,000	
				120,500	180,500
		Los Angeles	7,032,000	238,000	
		San Francisco	3,110,000	220,000	275,000
		Seattle	1,422,000	220,000	
				90,000	
		Anaheim	1,420,000	535,000	
So. Atlantic	34,000,000	Washington, D.C.	2,861,000	-	Dimensions Unknown
		Baltimore	2,071,000	100,000	
		Atlanta	1,390,000	352,000	700,000
		Miami	1,268,000	238,000	
Mid-Atlantic	37,000,000	New York	11,572,000	320,000	
		Philadelphia	4,818,000	382,000	
		Pittsburgh	2,401,000	137,000	
		Atlantic City	175,000	520,000	
E. No. Central	41,000,000	Chicago	6,979,000	1,083,000	
				585,000	
				258,000	
		Detroit	4,200,000	404,000	
		Cleveland	2,064,000	437,000	
		Cincinnati	1,385,000	130,000	

\* 1977, Rounded to nearest 10,000

\*\* 1970, Rounded to nearest 1,000

Sources: Revised 1976 and Provisional 1977 Estimates of the Population of States..., Census Bureau, 1978;  
Number of Inhabitants, Census Bureau, 1971;  
Exhibition Hall and Convention Center brochures.

Regional groups generate relatively little hotel demand, however. Rather, it is the conventions which draw their attendance from all over the country that generate hotel demand, and it is only an increase in the number and size of these groups meeting in Boston that would make additional hotel room construction necessary.

The exhibition hall capacity of Hynes Auditorium puts it in a class with smaller convention centers on the East coast. See Tables VIII-30 and VIII-31. Large conventions which meet in different sections of the nation on a cyclical basis, or eastern seaboard-based groups, can choose among larger facilities in five other cities.

Boston, however, appears to have a dependable share of the national convention market, made up to a large extent by medical and scientific groups. In the previous section, it was noted that about half the large conventions which have outgrown Boston require more exhibition and meeting space - as well as hotel rooms - to return. While there are no precise data on the total number of large conventions in the nation - those requiring more exhibit space and meeting rooms than a hotel can

Table VIII-30

MAJOR EXHIBITION HALLS ARRANGED BY SIZE AND AREA OF THE NATION IN WHICH THEY ARE LOCATED

		<u>SIZE OF EXHIBITION HALL</u> (gross square feet)			
		HUGE	LARGE	MEDIUM	SMALL
		500,000 +	300,000 - 499,000	200,000 - 299,000	50,000 - 199,000
<u>REGION</u>					
EAST		Atlanta: Georgia World Congress Center Philadelphia Civic Center New York Coliseum		Miami Beach Convention Center	Baltimore Convention Center
CENTRAL		Cleveland Convention Center Detroit: Cobo Hall Kansas City Convention Complex	New Orleans: THE RIVERGATE New Orleans: Louisiana SUPERDOME St. Louis Gateway/Convention and Exhibition Center		Cincinnati: Riverfront Coliseum Houston: A. Thomas Conv. & Expo Ctr. Memphis: Cook Convention Center
WEST		Houston: ASTROHALL	Chicago: O'Hare Int'l Trade and Expo Center	Minneapolis Auditorium and Convention Hall	Pittsburgh (under construction)
SOUTHWEST					
SOUTHEAST					
MOUNTAIN					
PLATEAU					
INTERIOR					
PACIFIC COAST					
ARCTIC					

SOURCE: Literature from the facilities and convention bureaus of respective cities.

Table VIII-31

**PROPOSED AND RECENT EXPANSION OR NEW CONSTRUCTION OF  
CONVENTION CENTERS IN U.S. CITIES**

<u>Proposed Expansion City</u>	<u>Facility</u>	<u>Proposed Increase</u>	<u>New Size</u>	<u>Opening Date</u>
Atlanta	World Congress Center	350,000 sq. ft.	700,000	
Houston	A. Thomas Hall	50-60,000 sq. ft.	180,000	
Kansas City	Bartle Center	86,000 sq. ft. for meeting rooms		
New Orleans	Either Rivergate or Superdome			

Recent Expansions

Philadelphia	Civic Center	100,000 sq. ft. of which 43,000 sq. ft. is for exhibit	382,000	Late Fall '78
Chicago	McCormick Place	400,000 sq. ft.	1,083,000	Sept. 1978

New Facilities -  
Under Construction

Pittsburgh		137,100 sq. ft. exhibit; 42,000 sq. ft. meeting		Spring 1980
Virginia Beach, Va.		75,000 sq. ft. exhibit; 5,600 sq. ft. meeting		1980

Source: Conversations with Convention Bureau representatives of respective cities at the ASAE Convention, 8/78.

provide - one study estimates the number to be about 500.\* Since Boston attracts an average of about twenty of these conventions per year, Boston is capturing about four percent of this reportedly growing market. It would appear that Boston will continue to lose groups and lose a share of the market it could potentially capture if it does not increase the capacity of its convention facilities.

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\* BRA, A Growth Strategy for Boston's Hotel and Convention Industry, p.7. A reason for the difficulty in getting exact information on the number of groups in various size categories - as was previously mentioned - is that the universe of groups is expanding, along with the size of groups.

## IX. SCENARIOS FOR CONVENTION FACILITY DEVELOPMENT AND RELATED HOTEL DEMAND

In order to estimate the number of hotel rooms Boston will need by 1985 and 1990 to accommodate convention-related demand, several scenarios were developed.

Scenario I: No change in the dimensions of Boston's exhibition facilities

In the event that there is no expansion in Hynes,  
Boston can be expected to continue to attract national con-  
ventions which have limited exhibition space requirements, but  
lose those which are experiencing considerable growth. Probably  
no more than the 1,000 additional commitable hotel rooms previously estimated would be required. With 1,000 new rooms, there would be approximately 3,600 Class A and B commitable rooms in Downtown Boston, and a total of about 5,000 rooms in Boston and the metropolitan area. This amount should be adequate for the groups Boston would continue to attract, since the City could not accommodate the very largest.\* About 1,700 hotel rooms would have to be constructed to yield the 1,000 commitable rooms.

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\* James Low, head of the American Society of Assn. Executives, estimates that 5,000 commitable rooms is adequate for a facility of 200,000 sq. ft. (conversation with L. Koff).

Scenario II: Expand Hynes Auditorium to approximately 250,000 square feet; no change in Commonwealth Pier

An expansion of Hynes is under consideration, with the following program:

<u>Area Function and Building Level</u>	<u>Existing Area (Square Feet)</u>	<u>Proposed Addition Area (Square Feet)</u>	<u>Total (Square Feet)</u>
Exhibit and Auditorium/ Street Level	90,000	50,000	140,000
Exhibit Area/ Plaza Level	60,000	50,000	110,000
Total	150,000	100,000	250,000

Source: Bob Kroin, BRA, July 1978

Such an expansion would increase the net capacity of Hynes by two-thirds. More importantly, it would give Hynes 140,000 square feet of exhibition area on one floor (convention exhibitors prefer having their exhibitions and displays on one level). A 1974 study estimated that a facility with between 100,000 and 125,000 square feet on one floor could accommodate about 95 percent of all conventions in the United States.\* Furthermore, with about 250,000 square feet of exhibition area, plus about

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\* Vas Dias, op.cit., pg. 21.

60,000\* square feet of meeting rooms, Boston would have a facility comparable in size to many of the major convention centers in the nation. See Table IX-32.

How many hotel rooms would Boston need if it had a facility of this size, assuming that it could increase the number of large national conventions it attracts?

In order to estimate this relationship, information on the hotel room and exhibition space requirements at the most recent meetings of a sample of groups which constitute a potential market for an expanded facility was obtained. The 32-group sample includes those groups previously mentioned, which have outgrown Hynes. See Table VIII-23.

A distribution of their requirements is presented in Table IX-33. About 29 of the 32 groups could be accommodated in a 200,000 square foot exhibit hall. Twenty-five of these twenty-nine groups would need a maximum of 7,600 committable rooms.

It is questionable, however, whether the City should encourage the construction of committable rooms predicated on the needs of the largest shows that could be accommodated in Hynes. Unless the number of smaller groups can be increased - those using primarily one convention hotel or doubling up in Hynes - or unless the other segments of hotel demand (tourist and business demand) are sufficiently strong to keep the

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\* Bob Kroin, BRA.

Table IX-32

MAJOR CONVENTION CENTERS WITH EXHIBITION HALLS OF  
COMPARABLE SIZE TO AN EXPANDED HYNES AUDITORIUM

<u>City</u>	<u>Square Feet of Exhibition Hall</u>
1. New York	320,000
2. Philadelphia	305,000
3. Las Vegas	300,000
4. New Orleans	270,000
5. Boston	250,000
6. St. Louis	240,000
7. Los Angeles	238,000
8. Miami	238,000
9. San Francisco	220,000
10. Seattle	220,000

Source: Brochures from Convention Center Facilities.

Table IX-33

EXHIBITION SPACE AND HOTEL ROOM REQUIREMENTS OF  
 THIRTY-TWO CONVENTIONS,  
 1976 and 1977

Net Sq. Ft. of Exhibi- tion Hall	Number of Hotel Rooms					
	Less than <u>2,600</u>	<u>2,601-</u> <u>3,600</u>	<u>3,601-</u> <u>4,600</u>	<u>4,601-</u> <u>5,600</u>	<u>5,601-</u> <u>7,600</u>	<u>7,601-</u> <u>10,000</u>
50,000-						
100,000	4	2	4	4	5	2
100,000-						
150,000	-	1	1	-	2	2
150,000-						
200,000	-	-	1	-	1	-
200,000-						
250,000	-	-	-	-	-	-
250,000+	-	-	-	1	1	1

Source: IACVB/BRA Research Department

rooms occupied, the City could be overbuilt with convention-oriented hotel rooms.

Unfortunately, it is difficult to estimate the number of hotel rooms needed for given sizes of conventions (this problem affects our other scenario estimates as well). There is great variation in the number of hotel rooms for given convention hall sizes around the nation. For example, Atlantic City has a total of 10,000 hotel rooms for a hall of over one half million square feet, while Washington, D.C. has close to 18,000 hotel rooms in its metropolitan area, but no public convention center. (D.C.'s Sheraton Park Hotel has a 63,000 sq. ft. hall.) Furthermore, there is no relation between the exhibition space requirements of groups and their hotel requirements.

With a total of 5,600 committable rooms by 1985, 17 - or slightly over half - of the 29 sample groups which require about 250,000 square feet or less of exhibition space could be accommodated in Boston\*. Counting the approximately 3,000 Class A & B committable rooms in Boston and the 1,000 suburban rooms, there is presently a 1,600 room deficit. If these rooms were in newly constructed, convention-oriented hotels - with sixty percent of their rooms committable - approximately 2,700

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\* The manager of McCormick Place-Chicago's largest convention center - estimates that 5,000-6,000 committable rooms is the correct number for a 300,000 square foot facility. (Conversation with L. Koff/BRA).

new rooms would need to be added to the stock. Ideally, these rooms should be constructed in close proximity to Hynes Auditorium.

By 1990, if there were a sufficiently large number of conventions wishing to hold their meetings in Boston, and if growth in the size of groups in this market or interest on the part of larger groups (needing 5,600+ hotel rooms) was such that an increase in the number of rooms could be occupied at a satisfactory rate, the number of commitable rooms could be expanded to 7,600. The City would then need a total of 2,000 commitable rooms above the 1985 number.

If these commitable rooms represent sixty percent of the total rooms in convention-oriented hotels, about 3,300 hotel rooms - above the 1985 room construction - would have to be added to the stock.

Table IX-3 4

## SUMMARY OF HOTEL REQUIREMENTS FOR SCENARIO II

	<u>1978</u>	<u>1985</u>	<u>1990</u>
	<u>Existing Rooms</u>	<u>Estimated Rooms</u>	<u>Needed</u>
<u>Commitable Rooms</u>			
Boston	3,000	4,600	6,600
Greater Boston	1,000	1,000	1,000
	4,000	5,600	7,600
<u>Total Added Rooms</u>			
Boston	-	2,700	6,000
Greater Boston	-	-	-

Source: BRA Research Dept.

Again, all new hotel room construction has been shown as occurring in Boston, because the new hotels should be close to Hynes, for the convenience of convention delegates.

Scenario III: Development of a new convention facility, with no expansion of Hynes Auditorium or change in Commonwealth Pier

If Boston were to build an entirely new convention facility, which had the most modern characteristics - including a larger assembly hall than is available at Hynes, more exhibition space on one floor, more meeting-room space, and adequate parking - what would be the implications for hotel demand? First, to address the question of alternative programs for such a facility, the exhibition and assembly facilities available in the East coast cities which compete with Boston will be presented.

A new facility containing over 140,000 square feet on one level (about the amount proposed for an expanded Hynes) would exceed in capacity the facilities in Baltimore, D.C., Miami Beach, New York, and Pittsburgh, but would be smaller than those in Atlanta, Atlantic City, the proposed New York Center, and Philadelphia. (The square feet on one level is a most important characteristic of a center, as

Table IX-35

## CHARACTERISTICS OF EAST COAST CONVENTION FACILITIES

	<u>Exhibit Hall</u> (Sq.Ft. on 1 level)	<u>Total Exhibit Area</u> (Square Feet)	<u>Auditorium Seats</u>
Atlanta	352,000	352,000*	10,000
Atlantic City	400,000	520,000	41,000
Baltimore	100,000	100,000	-
D.C.-Sheraton Park Hotel	63,000	63,000	-
Miami Beach	108,000	238,000	3,800
New York	64,000	320,000	-
New York (proposed)	750,000	750,000	-
Philadelphia	183,000	382,000	11,500
Pittsburgh (under construction)	131,000 (net)	137,000	-
BOSTON (proposed Hynes expansion)	140,000	250,000	5,000

\* Does not reflect proposed expansion to 700,000 square feet of exhibition space.

Source: Vas Dias, op. cit. and brochures from facilities.

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groups prefer exhibiting on a single level rather than two or three.) Boston would need a facility of at least 350,000 square feet on one level to compete with Atlanta or Atlantic City - which would put Boston in a class with the largest convention centers in the nation.

Yet, if merely maximizing convention-related hotel demand - and, consequently, visitors to the City with their expenditures and other economic benefits - was the overriding economic development goal of the City, then clearly, the more convention centers the City has and the larger the centers, the more conventions the City could potentially bring in. If, however, the City is also responsible for paying the operating costs of the centers, it should not build more capacity than could be occupied at an adequate rate (i.e., earning sufficient income to cover costs).

As discussed in the last section, building hotel rooms only in view of the needs of the largest conventions which could occupy a facility can lead to a supply for which there is insufficient demand at other times. But the supply and the meeting facilities available also make it possible for several groups to meet in Boston at one time.

An important question then is how many additional groups Boston could attract with new or expanded facilities. The main focus of this section is the implications for hotel demand of developing a convention facility or facilities of various sizes, or not developing new facilities, in view of the needs of conventions which Boston could potentially attract. A thorough market study is needed to determine the number of additional groups Boston is likely to attract in any given future year. The intent here is mainly to suggest the number of hotel rooms that would be required for alternative programs for constructing new facilities.

Possible programs for an exhibition hall are presented in Table IX-36. Program B, for an exhibit hall of 150,000 square feet on one level, expandable to 300,000\* would give Boston a facility comparable in size to many of the largest centers in the country; (also included are the estimated acreage requirements of facilities of various sizes). While this program would give Boston a facility with an amount of exhibition space similar to that proposed for an expanded Hynes, the exhibition as well as support space could be better designed for more effective use.

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\* Pietro Belluschi, Inc., et al., in the "Arena/Convention Center for the Boston Wharf Company Site", proposed that at least 250,000 sq. ft. of convention space be developed in conjunction with an arena in the Fort Point Channel Area.

Table IX-36

## ALTERNATIVE PROGRAMS FOR A NEW EXHIBITION HALL

<u>Exhibit Hall Size (Square Feet on One Level)</u>	<u>Ground Floor Area (Exhibit Hall Plus Ancillary Space)</u> <sup>1/</sup>	<u>Acreage Required</u>	<u>Potential Exhibit Hall Area (Square Feet expansion to the second floor)</u>
A. 125,000	187,500	4.3	250,000
B. 150,000	225,000	5.2	300,000
C. 175,000	262,500	6.0	350,000
D. 200,000	300,000	6.9	400,000
E. 250,000	375,000	8.6	500,000

<sup>1/</sup> Represents a 50 percent increase over exhibit hall size, to allow for meeting room space, circulation, and service areas. It does not include space for parking.

Source: BRA Research Department

with a new facility containing a 300,000 square foot exhibit hall, in addition to Hynes Auditorium, the number of commitable hotel rooms available should be expanded to the 7,600 estimated previously as the maximum amount needed by most groups which require 200,000 square feet of exhibit space or less. Boston would not only be able to attract the largest groups, but

would have to attract more groups to keep both facilities occupied. If the facility were developed by 1985, 3,600 committable hotel rooms would have to be added to the stock. If the committable rooms represented sixty percent of the new rooms, a total of 6,000 new hotel rooms would have to be constructed. A portion of the new rooms should be constructed in the vicinity of the new facility. The facility should not be located more than a fifteen minute taxi ride from the majority of Boston's hotels.

Scenario IV: Expand Hynes as proposed; build a new convention facility; no change in Commonwealth Pier

The development options and thus the implications for hotel construction increase considerably if a second facility is contemplated in addition to an expanded Hynes, as in this instance, the City would already have one relatively large facility.

A second facility could be a) smaller, b) comparable, or c) larger than Hynes in size. To address the latter two possibilities first: by building a new large convention center, Boston would be in a league with Atlanta\*, Chicago, Houston, New Orleans, New York\*, and San Francisco\*, in having more

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\* Proposals; while the Atlanta proposal is for an expansion of the World Congress Center and not for a new separate facility, it would be large enough to function as two large facilities.

than one major convention center. If Boston's two centers are to be well-occupied, the City presumably would have to double the number of conventions it attracts.

Below is a list of the hotel rooms available in these cities.

Table IX-37

## HOTEL ROOMS

<u>City - Facility</u>	<u>Rooms within a 15 Min. Taxi Ride</u>	<u>Metro Area Rooms</u> <sup>1</sup>
Atlanta-World Congress Ctr.	10,000	27,781
Chicago-McCormick Place	15,000	42,000
Int'l Amphitheatre	NA	42,000
New Orleans-Rivergate	13,644	17,192
Superdome	10,917	17,192
New York-Coliseum	NA	46,833
New Center	NA	46,833
San Francisco-Civic Center	NA	21,273
Cow Palace	NA	21,273
New Center	NA	21,273
Boston-Hynes Auditorium	6,925	9,808

Source: BRA/L.Koff and Research Department

<sup>1</sup> Because of differing definitions, the "metro" areas of these cities may not be comparable.

Assuming there is a relation between the number of hotel rooms in these cities and their convention facilities, this

information will be used to estimate the rooms Boston would need. It appears the hotel rooms in the Boston metro area would have to increase by approximately two thirds if Boston were to have a similar number of rooms as New Orleans - with the lowest reported number - or to approximately double to have the same number of rooms as San Francisco - with the second lowest number of rooms. (The City would really have to step up its effort in attracting national conventions to keep the facilities occupied.)

It is unlikely that Hynes could be expanded and that a new, large facility could be constructed before 1990, because of the capital resource commitment such construction would imply. If the new facility were constructed by 1990, the metro area's hotel room stock could have to approximately double; and since hotel rooms ideally should be located near convention facilities, the new rooms would be constructed in Boston.

Alternatively, a new facility that is smaller than an expanded Hynes could be built. Indeed, there is a proposal for just such a facility to be developed privately in conjunction with a major new hotel\*. The developers - known as Broderick Properties - are proposing a hotel with 800 to 1,200 rooms, 14 meeting rooms and two large banquet rooms which combined can seat 4,000 persons, 50,000 square feet of exhibition area,

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\* Boston Globe, June 18, 1978, Section F, p.1.

and 800 parking spaces. If constructed as proposed, the hotel would be one among thirteen existing hotels in the United States and Canada with exhibit halls of between 45,000 and 62,000 square feet. Including the seven hotels with over 62,000 square feet of exhibition space, it would be in a class with the twenty largest convention-type hotels.\* It would be a significant addition to the City's convention facilities. If this project is constructed along with the Hynes expansion, the hotel rooms needed would be similar to those estimated in Scenario II for the Hynes expansion alone. Since this facility would probably generate more demand for hotel rooms than could be satisfied by the hotel itself, however, a greater number of rooms would be required. If it is assumed that sixty percent of the Broderick Hotel's rooms will be occupied 100 percent of the time by convention business which the hotel itself generates, then this number of rooms cannot be included among the available commitable rooms. Therefore, the 800 proposed rooms in the Broderick project would be added to the 2,700 estimated room deficit, to yield 3,500 new rooms by 1985. The final total of 1,200 rooms in the Broderick project, added to the estimated 6,000 rooms needed by 1985, would yield a total of 7,200 new rooms.

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\* Hotel and Motel Red Book, 1977

Summary of Scenarios

The estimated number of committable and total hotel rooms which Boston would need, according to the various scenarios previously discussed, is presented in Table IX-38.

Table IX-38

## SUMMARY OF CONVENTION-RELATED HOTEL ROOMS NEEDED ACCORDING TO FUTURE SCENARIOS, FOR 1985 AND 1990

<u>Scenario</u>	<u>1985</u>	<u>1990</u>
I.	1,700	1,700
II.	2,700	6,000
III.	6,000	6,000
IV.		
a)	3,500	7,200
b)	-	10,000
c)	-	10,000

Source: BRA Research Department

To project the increased rooms sales to convention delegates, the number of convention-related room sales for each scenario was estimated, based on a percentage of all possible room sales (at a seventy percent occupancy rate) which would be made to convention attendees. The estimates are not based on

an assessment of the number of new conventions Boston would attract, as there is insufficient market information in this regard. The estimated convention-related room sales for each scenario and the percentage increase over the 1977 level is presented in Table IX-39. The percentages used to arrive at estimated room sales to convention delegates are presented in Table IX-40.

Table IX-39

ESTIMATED INCREASE IN ROOM SALES TO  
CONVENTION DELEGATES ACCORDING TO SCENARIOS

<u>Scenario</u>	<u>Room Sales</u>		<u>Increase 1977-1990</u>	<u>Increase Percent 1977-1990</u>
	<u>1977</u>	<u>1985</u>		
I	599,075	816,250	217,175	+36
II	599,075	944,000	344,925	+58
III	599,075	1,058,975	459,900	+77
IVA	599,075	1,046,200	447,125	+75
IVB	599,075	-	1,627,075	1,022,000
IVC	599,075	-	1,876,575	1,277,500

IX-19

Source: BRA Research Department

Table IX-40

PERCENTAGES OF ROOM SALES TO CONVENTION ATTENDEES FOR  
1985 AND 1990, ACCORDING TO SCENARIOS

<u>Scenario</u>	<u>Total Rooms Needed</u>	<u>Occupancy Rate</u>	<u>Percentage of Room Sales To Convention Attendees</u>	<u>Room Sales</u>
I. 1985	1,700	.70	.50	217,175
1990	1,700	.70	.50	217,175
II. 1985	2,700	.70	.50	344,925
1990	6,000	.70	.30	459,900
III. 1985	6,000	.70	.30	459,900
1990	6,000	.70	.50	766,500
IVA. 1985	3,500	.70	.50	447,125
1990	7,200	.70	.30	551,880
B. 1985	-			
1990	10,000	.70	.40	1,022,000
C. 1985	-			
1990	10,000	.70	.50	1,277,500

Example of Calculation of Room Nights for Scenario I, 1985 =

1,700 rooms x 365 nights x .7 occupancy rate x .5 convention  
related use = 217,175 room sales

Source: BRA Research Department

## X. SUMMARY OF PROJECTED DEMAND

Projected Demand for Hotel Rooms in Downtown Boston by Major Use

The demand for hotel rooms includes the projections of the tourist, business visitor and convention delegate market, the current deficit, and the need to replace obsolescent rooms. The current deficit of hotel rooms is estimated to be 1,830 rooms. See Chapter V. One-third of Boston's hotel space, made up of six of the older downtown hotels with 2,250 rooms experiencing growing obsolescence by today's standards may need to be renovated or replaced. Rising standards will lead to more discriminating demand by all three segments of the hotel market. As a result, many of the existing hotels will require upgrading and the older hotels will require major renovations. It is estimated that fifty percent of the 2,250 potentially obsolete rooms will be renovated and fifty percent will require replacement. The replacements will create a need for 1,125 new rooms distributed by class as shown in Table X-41.

Table X-41

## OBSOLESCENT REPLACEMENTS REQUIRED BY 1985 BY CLASS

<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>
641	383	101	1,125

The projected total demand for new hotel rooms is summarized in Table X-42. By 1985, 7,057 new rooms will be needed. New construction in line with this demand would increase the total stock of hotel rooms in Downtown Boston to 12,857 rooms, representing an 86 percent growth in Boston's hotel stock, and the recapture of the levels achieved in 1929. By 1990, there would be an additional demand for 4,155 rooms. For convention related demand, Scenario IV-B has been used.

#### Demand for Hotel Rooms by Class

Future demand for hotel rooms will be differentiated by class of hotel preferred, as well as by type of customer. The estimates of room class preferences are based on an expectation that rising standards of living and an evident preference by hotel customers for the most modern, higher class hotels today - indicated by the fact that these hotels have higher average occupancy rates than older hotels - will mean greater demand for Class A hotel rooms than for Class B and C rooms. Of the 7,057 rooms needed by 1985 to meet projected demand, the majority - perhaps two-thirds - are Class A rooms; a little under a third are Class B; and a small percentage are Class C. See Table X-43. The relative proportions of demand

Table X-42

PROJECTED HOTEL DEMAND  
1978-1990

	Projected Increase in Hotel Room Sales			New Rooms Required		
	1977-1985	1985-1990	Total	1977-1985	1985-1990	Total
Business Visitor	585,134	269,297	854,431	2,290	1,054	3,344
Tourist	483,364	217,316	700,680	1,892	851	2,743
Convention	447,125	574,875	1,022,000	1,750	2,250	4,000
Obsolescent Replacements				1,125	-	1,125
Total				7,057	4,155	11,212
Total Projected Hotel Stock				12,857	17,012	17,012

Projected Hotel Demand by Market Segments

	1977		1985		1990	
	Hotel Stock	Percent	Hotel Stock	Percent	Hotel Stock	Percent
Business Visitor	3,393	49	5,683	44	6,737	40
Tourist	1,413	20	3,305	26	4,156	24
Convention	2,119	31	3,869	30	6,119	36
Total	6,925	100	12,857	100	17,012	100

Source: BRA Research

Table X-43

PROJECTED INCREASED DEMAND FOR HOTEL ROOMS IN DOWNTOWN BOSTON  
BY CLASS AND MAJOR USE

	<u>Class A</u>		<u>Class B</u>		<u>Class C</u>		<u>Total</u>	
1977 Hotel Stock	3,981	57%	2,322	34%	622	9%	6,925	100%
Current Deficit	982	54	655	36	193	10	1,830	100
Obsolescent Replace- ments	641	57	383	34	101	9	1,125	100

	<u>1985</u>							
	<u>Class A</u>		<u>Class B</u>		<u>Class C</u>		<u>Total</u>	
Business Visitor	1,436	75%	421	22%	58	3%	1,915	100%
Tourist	579	45	489	38	219	17	1,287	100
Convention	675	75	225	25	0	0	900	100
Sub-Total	2,690	66	1,135	28	277	7	4,102	100
1985 Projected Hotel Stock	7,653	60	4,112	32	1,092	8	12,857	100

	<u>1990</u>							
	<u>Class A</u>		<u>Class B</u>		<u>Class C</u>		<u>Total</u>	
Business Visitor	843	80%	190	18%	21	2%	1,054	100%
Tourist	468	55	281	33	102	12	851	100
Convention	1,800	80	450	20	0	0	2,250	100
Sub-Total	2,111	75	921	22	123	3	4,155	100
1990 Projected Hotel Stock	10,764	63%	5,033	30%	1,215	7%	17,012	100%

Source: BRA Research.

by class have also been estimated to calculate the class of hotel rooms constructed to meet 1990 demand. It is expected that a similarly high percentage of projected demand will be for Class A rooms, as is the case for 1985. To a large extent, this is because business and convention visitor demand - which tends to be for a higher class of room - is expected to make up a greater share of growth than tourist demand.

Estimates of hotel demand, by class, based on the foregoing considerations suggest that if the class of existing hotels does not change by 1985, and the 1,830 hotel rooms added to the stock to satisfy the present deficit roughly reflect the current distribution of hotel rooms by class, Boston's 1985 hotel stock would contain approximately 7,700 Class A rooms, 4,100 Class B rooms and 1,100 Class C rooms.

Eight of Boston's hotels, however, are now fifty years old or older. These include several of Boston's finest hotels, as well as popularly priced hotels which are currently well maintained and experience high occupancy rates. Yet, some of these may drop in status as a result of competition from the newly constructed hotels. Some may be removed from the hotel stock through conversion to other uses - as has happened to a

number of Boston's old hotels - or be destroyed. The room distribution by class for 1985 and 1990 will depend on the position of each hotel in the matrix for each of the years.

If Class B and C hotels are lost from the stock, they are less likely to be replaced than are Class A hotels, given the class of hotels favored in current developer proposals.

The movement of hotels through the matrix seems to be the source of Boston's inexpensive hotel rooms - in a process like that of "filtering down" which occurs in the housing market. Boston's popularly priced hotels - three of the Class B and both of the Class C - are among the eight hotels which are fifty or more years old. While these properties are perhaps the ones which are most likely to be replaced, they nevertheless serve a special segment of the market - those individuals, families, and groups traveling on a small budget. It is principally through the efforts of a hotel's management - by upgrading the property, providing good service and so forth - that will permit the older hotel to maintain a share of the travelers' market. Yet the City should do its part in helping to preserve these properties as hotels by equalizing the tax burden as much as possible on buildings of this type so that they can still be feasibly operated at popular room rates.

Hopefully, the new 121A guidelines which are currently under consideration and equalization of property assessments will reduce such disparities as a seven-year old, deluxe hotel paying slightly less property tax per room than a seventy-eight year old, popularly priced hotel.

Boston presently has a higher portion of luxury to moderate and inexpensive hotel rooms than any city for which data has been obtained, save Miami Beach and New Orleans; and the lowest percentage of inexpensive rooms of any of the cities. In order to have a more balanced stock of hotel rooms in the city in the future, the old hotels in Boston should not be removed from the stock before their time.

#### Projected Demand for Hotel Room Sales

Many hotels cater to some combination of business visitor, convention delegate, and tourist demand, and, consequently, demand must be measured in terms of hotel room day sales. The demand by convention delegates would vary according to the capacity of convention facilities which would be available in Boston. Demand for hotel rooms by business visitors and tourists has been projected for 1985 and 1990, as outlined in earlier pages of this report.

The projected hotel room sales to tourist and business visitors in Boston are summarized in Table X-44. It has been estimated that in 1978 Boston lost about a quarter of a million room sales because of a shortage of hotel rooms within the city boundaries. These room sales are nights that business visitors and tourists would have spent in Boston had hotel rooms been available for them. By 1985, it has been estimated that there would be an added demand for hotel rooms equaling about 800,000 room sales above the current number of room sales. Taken together, Boston would need an increase in the hotel room stock sufficient to accommodate over a million additional room sales to tourist and business visitors by 1985. By 1990, it is estimated that there would be demand equal to about one half million room sales above the 1985 number.

Depending on the nature of the convention center development program which occurs, Boston will need a varying number of additional rooms to accommodate convention delegates. With no change in the convention facilities available in the city (Scenario I), Boston should add 1,700 convention-oriented rooms to the hotel stock to accommodate growing attendance at the potential number of conventions which will continue to be held in Boston. Approximately 2,700 rooms should be added by

Table X-44

PROJECTED TOURIST AND BUSINESS VISITOR HOTEL SALES,  
1978-1990

1977 Room Sales		1,357,902
1978 Unmet Demand		250,315
Estimated 1985 Room Sales		
Above 1978 Level		<u>818,183</u>
Sub-Total	1,068,498	<u>1,068,498</u>
		2,426,400
1985 Total Room Sales		2,426,400
Estimated 1990 Room Sales		
Above 1985 Level	486,613	<u>486,613</u>
1990 Total Room Sales		2,913,013

Source: BRA Research Department

1985 if Hynes Auditorium is expanded (Scenario II). A total of 6,000 rooms should be added to accommodate the large groups which would potentially come to Boston if a large, new convention center in Boston might still be developed, which was either smaller, similar in size, or larger than an expanded Hynes.

To project the hotel rooms needed for all segments of demand, according to the convention center scenarios, the estimated increase in room sales to convention delegates for each scenario has been added to the potential room sales to business visitors and tourists. The increase in room sales for all segments of demand, according to the scenarios is summarized for 1977, 1985, and 1990, in Table X-45. The table also shows the distribution of room sales between the segments of demand (business and tourist demand are added together) in future years, and how this compares with the present distribution.

From the estimated room sales to convention and business and tourist visitors, calculations were made for the new hotel rooms that would have to be added to the stock to accommodate the anticipated demand. The estimated number of new hotel rooms by segment of demand, according to each scenario, are presented in Table X-46. This information is also shown graphically in Chart X-11.

Table X-45

ROOM SALES BY TYPE OF OCCUPANCY, ACCORDING TO  
 CONVENTION DELEGATE DEMAND SCENARIOS:  
 1973 ACTUAL, 1985 AND 1990 PROJECTED

<u>OCCUPANCY</u>	<u>1977</u>	<u>Percent of Total</u>	<u>1985</u>	<u>Percent of Total</u>	<u>1990</u>	<u>Percent of Total</u>
I. Convention	599,075	31	816,250	25	816,250	22
Business & Tour.	<u>1,357,902</u>	<u>69</u>	<u>2,426,400</u>	<u>75</u>	<u>2,913,013</u>	<u>78</u>
Total	1,956,977	100	3,242,650	100	3,729,263	100
II. Convention	599,075	31	944,000	28	1,058,975	27
Business & Tour.	<u>1,357,902</u>	<u>69</u>	<u>2,426,400</u>	<u>72</u>	<u>2,913,013</u>	<u>73</u>
Total	1,956,977	100	3,370,400	100	3,971,988	100
III. Convention	599,075	31	1,058,975	30	1,365,575	32
Business & Tour.	<u>1,357,902</u>	<u>69</u>	<u>2,426,400</u>	<u>70</u>	<u>2,913,013</u>	<u>68</u>
Total	1,956,977	100	3,485,375	100	4,278,588	100
IVA. Convention	599,075	31	1,046,200	30	1,150,955	28
Business & Tour.	<u>1,357,902</u>	<u>69</u>	<u>2,426,400</u>	<u>70</u>	<u>2,913,013</u>	<u>72</u>
Total	1,956,977	100	3,472,600	100	4,063,968	100
B. Convention	599,075	31			1,621,075	36
Business & Tour.	<u>1,357,902</u>	<u>69</u>			<u>2,913,013</u>	<u>64</u>
Total	1,956,977	100			4,534,088	100
C. Convention	599,075	31			1,876,575	39
Business & Tour.	<u>1,357,902</u>	<u>69</u>			<u>2,913,013</u>	<u>61</u>
Total	1,956,977	100			4,789,588	100

Source: BRA Research Department

Table X-46

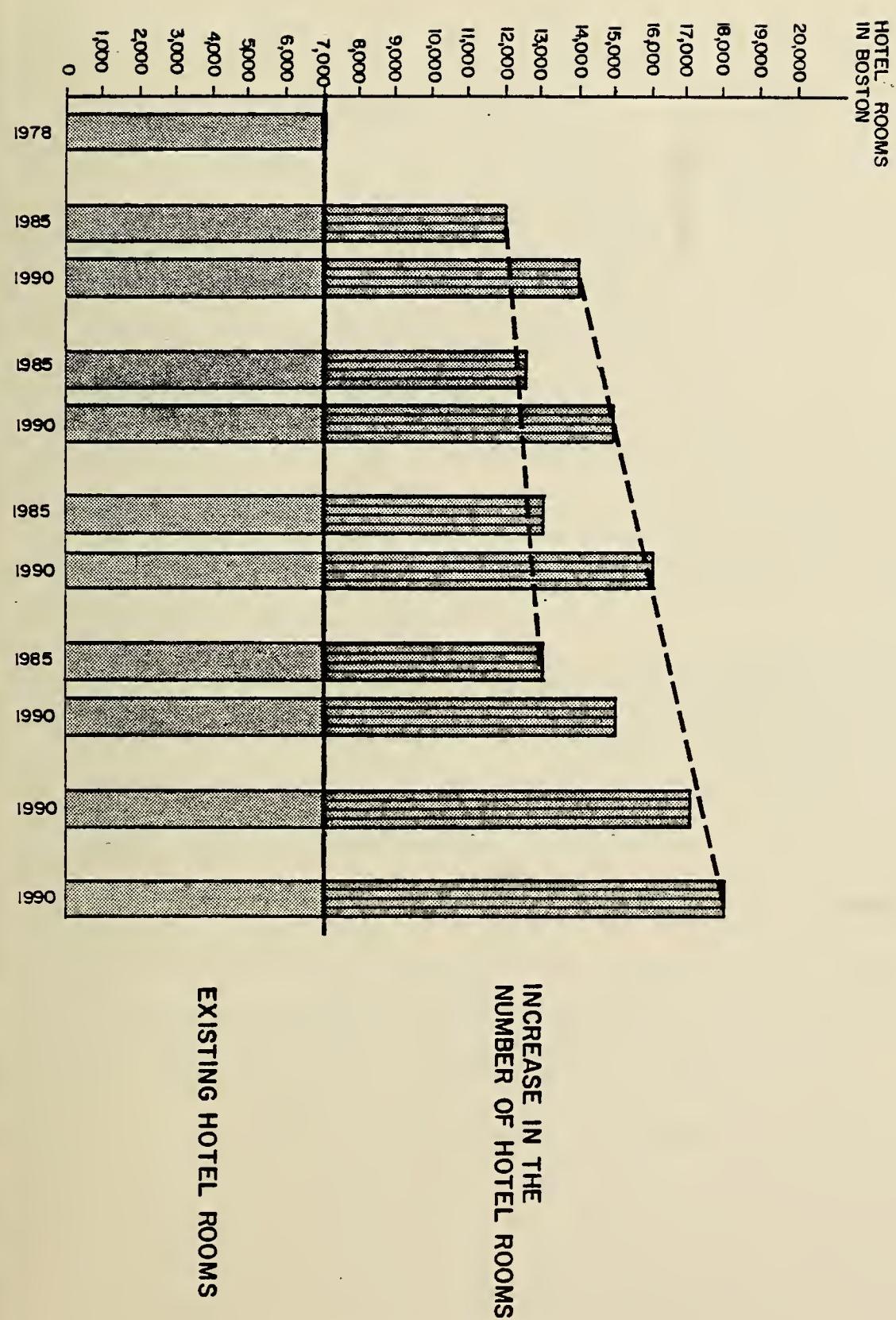
HOTEL ROOMS REQUIRED IN BOSTON FOR  
 CONVENTION, TOURIST, AND BUSINESS VISITOR DEMAND, ACCORDING TO  
 CONVENTION FACILITIES DEVELOPMENT SCENARIOS

Scenario	1978		1985		1990	
	Rooms in Boston's Hotel Stock	To the Stock	Rooms Added To the Stock	Increase Over 1978	Rooms Added To the Stock	Increase Over 1978
I. Convention, Business & Tourist			1,700		1,700	
Sub-total			<u>3,333</u>		<u>5,237</u>	
TOTAL	6,925		<u>5,033</u>		<u>6,937</u>	
			11,958	+73%	13,862	+100
II. Convention, Business & Tourist			2,700		6,000	
Sub-total			<u>2,833</u>		<u>1,887</u>	
TOTAL	6,925		<u>5,533</u>		<u>7,887</u>	
			12,458	+80%	14,812	+114
III. Convention, Business & Tourist			6,000		6,000	
Sub-total			<u>(-17)</u>		<u>3,087</u>	
TOTAL	6,925		<u>5,983</u>		<u>9,087</u>	
			12,908	+86%	16,012	+131
IVA. Convention, Business & Tourist			3,500		7,200	
Sub-total			<u>2,432</u>		<u>1,047</u>	
TOTAL	6,925		<u>5,932</u>		<u>8,247</u>	
			12,857	+86%	15,172	+119
B. Convention, Business & Tourist					10,000	
Sub-total					<u>87</u>	
TOTAL	6,925				<u>10,087</u>	
					<u>17,012</u>	+146
C. Convention, Business & Tourist					10,000	
Sub-total					<u>1,087</u>	
TOTAL	6,925				<u>11,087</u>	
					<u>18,012</u>	+160

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Chart X- II

HOTEL ROOMS NEEDED FOR CONVENTION ATTENDEES, TOURISTS AND  
BUSINESS VISITORS, ACCORDING TO SCENARIOS FOR CONVENTION CENTER  
DEVELOPMENT.



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## XI. HOTEL DEVELOPER PROPOSALS

Currently there are nineteen developer proposals for new hotels and additions to existing hotels in the downtown Boston area. These proposals total 10,050 rooms and, with an average development cost of \$52,000 per room, would generate an investment of approximately \$522,600,000 at 1978 prices. See Tables XI-47 and 48. The construction of these hotels would create an estimated 13,384 building jobs and 7,300 permanent jobs. The geographical distribution of the existing and the proposed hotels are shown on Map 2.

A factor in the evaluation of the feasibility and suitability of the proposed hotels is the match between the projected demand for new hotel rooms and the proposed supply by class and major use, and this question is reviewed in the following chapter of this report. The availability of land, alternative land uses, the pattern of development of the City, the role of hotels in the functioning of the City economy, and the types of permanent jobs created are also important considerations.

As will be seen, the hotel proposals are predominantly in the luxury and moderate price classes and focus principally on the business visitor and convention delegate trade. There is a dearth of proposals for new, modern, plain, inexpensive

Table XI-47

## LOCATION OF EXISTING AND PROPOSED HOTELS IN DOWNTOWN BOSTON

<u>Existing</u>	<u>Address</u>	<u>Proposed</u>	<u>Location</u>
1. Boston Park Plaza	64 Arlington Street	1. Airport MBTA Air Rights Hotel	Airport MBTA Station
2. Bradford Hotel	275 Tremont Street	2. Anthony Athanas Property	Fort Point Channel
3. Children's Inn	342 Longwood Avenue	3. Blackstone Block Hotel	Dock Square
4. Colonnade Hotel	120 Huntington Avenue	4. Charlestown Navy Yard Hotel	Charlestown Navy Yard
5. Copley Plaza Hotel	Copley Square	5. Copley Square Air Rights	Copley Square
6. Copley Square Hotel	47 Huntington Ave.	6. Dalton Street	Dalton Street
7. Essex Hotel	695 Atlantic Ave.	7. Fairmont Hotel	Financial District
8. Fenway Boylston Hotel	1271 Boylston Street	8. Federal Reserve Hotel	One Post Office Square
9. Holiday Inn	5 Blossom Street	9. Kenmore Square Addition	Kenmore Square
10. Howard Johnson's "57"	200 Stuart Street	10. Lafayette Place	Washington Street
11. Howard Johnson's Kenmore Square	575 Commonwealth Avenue	11. Lex Hotel	Park Square
12. Lenox Hotel and Motor Inn	710 Boylston Street	12. Penn Central/Broderick Property	Fort Point Channel
13. Logan Airport Hilton	Logan Airport	13. Prudential Ring Road	Prudential Center
14. Midtown Motor Inn	465 Huntington Avenue	14. Ritz-Carlton Hotel Addition	Arlington Street
15. Parker House	60 School Street	15. Rose Associates, Dewey Square	Dewey Square
16. Ramada Inn-Brighton	1234 Soldiers Field Rd.	16. South Station MBTA Hotel	South Station
17. Ramada Inn-Logan Airport	225 McClellan Highway, E.B.	17. S.S. Boston	Commonwealth Pier
18. Ritz-Carlton Hotel	15 Arlington Street	18. Waterfront Hotel	Long Wharf
19. Sheraton Boston Hotel	Prudential Center	19. West End Hotel	Lomasney Way

Map 2

LOCATION OF EXISTING AND PROPOSED DOWNTOWN BOSTON HOTELS

#### **Existing Hotels**

Less than 250 units

220-433 Miller

### **Proposed Hotels**

less than 250 units.

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הנצרות במדינת ישראל



BOSTON

HARBOR

A small, detailed map of a portion of Boston. The map shows several streets and landmarks. In the center, the word "BACK BAY" is written vertically along a street. To the right, the word "FENS" is partially visible. Other labels include "ROXBURY", "SOUTH END", "KENMORE SQUARE", and "BOSTON". The map uses a grid system with numbered blocks.

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Table XI-18

## HOTEL DEVELOPMENT PROPOSALS

<u>Proposals</u>	<u>Rooms</u>
1. Airport MBTA Air-Rights Hotel	350
2. Anthony Athanas Property	1,000
3. Blackstone Block Hotel	160
4. Charlestown Navy Yard Hotel	500
5. Copley Square Air-Rights	800
6. Dalton Street	350
7. Fairmont Hotel	600
8. Federal Reserve Hotel	250
9. Howard Johnson's Kenmore Square Addition	100
10. Lafayette Place	450
11. Park Square	450
12. Penn Central/Broderick Property	1,200
13. Prudential Ring Road	1,000
14. Ritz-Carlton Addition	50
15. Rose Associates Dewey Square	800
16. South Station MBTA Hotel	500
17. SS Boston	711
18. Waterfront Hotel	395
19. West End Hotel	384
<b>TOTAL</b>	<b><u>10,050</u></b>

hotel rooms catering to tourists. Several questions must be addressed with respect to this supply deficiency; why no Class C hotels have been proposed, how this segment of hotel demand could be met, and does the City need new inexpensive hotel rooms or should it be left to the suburbs to provide inexpensive rooms for travelers. Perhaps high land costs and property taxes have made the development of Class C hotels financially unfeasible in the City. The constraint of the property tax burden through expanded state revenue sharing or other tax reform measures could perhaps make less expensive hotels more feasible, but it is unclear whether this demand should be met. The argument could be made that in a democratic society, egalitarian values require that hotel accommodations be made available to people of all income levels. And also the spin-offs from hotel development could justify encouraging the construction of Class C hotels. Class C hotels, however, create only .34 jobs per room compared to .74 jobs per room for Class A hotels. Class C hotel rooms are preferred by some tourists and business visitors, but a deficiency in this sector would not be detrimental to the City economy.

Hotels are a key element in the infrastructure of the economy. Hotel space must be available for visitors to the City on company, institutional and personal business. As the

center of commercial activity in the New England region, Boston has a very small number of rooms for the size of the regional population. The lack of sufficient hotel infrastructure can act as a limitation on the implementation of planned investment in other sectors of the economy. The economy requires a minimum number of hotel rooms in order to function efficiently.

In addition, tourists and convention delegates are an important element in creating an atmosphere of the City as a place to live. Especially in the downtown area which has a smaller number of residents than other parts of the City, the flow of people staying in hotels adds vibrance to the after-five street ambience in Boston. Hotel construction has been a major conjunct to economic development throughout the century and now promises to be an active part of city building. In the 1980s, the expansion of the number of hotel rooms can play a key role in the diversification of the economic base by generating tourist and convention business which, in turn, would generate demand for expanded retail facilities, etc., as well as providing lodging for the business visitors to Boston.

Class, Dominant Use, and Expected Date of Completion of Proposed Hotels

Using what information could be obtained on developers' proposals - from newspaper reports and conversations with knowledgeable individuals - the nineteen proposals have been classified according to whether they will be luxury, moderate, or inexpensive hotels, the segment of the hotel customer market they primarily expect to serve, and how far along the developers are in the stages of planning their hotels, and consequently, which ones are more likely to be completed by 1985 or later.

The proposed hotels have been classified in matrix fashion in Tables XI-49 and XI-50. By 1985, about 5,900 new guest rooms in thirteen hotels could be added to the stock. The major share of these rooms - 2,600 or 44 percent - would be contained in three convention-oriented hotels. Another 2,334 rooms would be contained in five hotels and one addition oriented to business visitors, and the smallest portion - only sixteen percent of all rooms - would be in four tourist-oriented hotels.

Furthermore, nearly all of the hotel rooms - 86 percent - would be in a luxury class. The balance of the rooms are in Class B hotels, and none are in Class C hotels.

Table XI-49

## HOTEL DEVELOPMENT PROPOSALS WITH EXPECTED COMPLETION DATE BY 1985

Dominant Use	Class A Project Name	Rooms	Class B		Class C		Rooms	Total	Row Total (%)
			Project Name	Rooms	Project Name	Rooms			
Business	Park Sq. (Lex.)	450	H.J. Kenmore	100	None	-	-	-	-
	Federal Reserve	250	Square Add.	-	-	-	-	-	-
	Rose Assoc./	800	West End Hotel	384	-	-	-	-	-
	Dewey Sq.	-	-	-	-	-	-	-	-
	Dalton St.	350	-	-	-	-	-	-	-
<b>TOTAL</b>			<b>1,850</b>	<b>484</b>					<b>2,334 (40%)</b>
Tourist	Blackstone	160	None	-	None	-	-	-	-
	Block	-	-	-	-	-	-	-	-
	Waterfront Hotel	395	Airport MBTA	350	-	-	-	-	-
	Ritz-Carlton Add.	50		<b>350</b>					
<b>TOTAL</b>			<b>605</b>						
Convention	Fairmont	600	None	-	None	-	-	-	-
	Copley Sq. Air	800	-	-	-	-	-	-	-
	Rights	-	-	-	-	-	-	-	-
	Broderick/	-	-	-	-	-	-	-	-
<b>TOTAL</b>			<b>1,200</b>						
<b>COLUMN TOTAL</b>			<b>2,600</b>						<b>2,600 (44%)</b>
									<b>5,889 (100%)</b>

Source: Newspaper Reports; BRA Staff

Table XI-50

HOTEL DEVELOPMENT PROPOSALS OF A TENTATIVE NATURE  
OR WITH EXPECTED COMPLETION DATE BY 1990

Dominant <u>Use</u>	Class A <u>Project Name</u>	<u>Rooms</u>	Class B <u>Project Name</u>	<u>Rooms</u>	Class C <u>Project Name</u>	<u>Rooms</u>	Total <u>(%)</u>
Business	Lafayette Place	450	None	-	None	-	
	South Station, MBTA	500					
TOTAL		<u>950</u>					
Tourist	Charlestown	500	S.S. Boston	173	S.S. Boston	173	
	Navy Yard						
	S.S. Boston	<u>365</u>		<u>173</u>			
TOTAL		<u>865</u>					
X-9	Convention	Anthony Athanas	1,000	None	-	None	-
	Prudential Ring Road	<u>1,000</u>					
TOTAL		<u>2,000</u>					
COLUMN TOTAL		<b>3,815 (92%)</b>		<b>173 (4%)</b>		<b>173 4,161 (100%)</b>	<b>(4%)</b>

Source: Newspaper Reports; BRA Staff

Hotel proposals of a more tentative nature - those which might be completed by 1990 - are similarly classified in Table XI-50. As with the 1985 hotels, the major share of the 4,161 rooms in six new projects are in convention-type hotels. One hotel, however, - the S.S. Boston, which is a proposal for converting the former S.S. United States ocean liner into a floating hotel - makes a contribution to two segments of demand that were neglected in the 1985 proposals: tourist and Class C rooms. Nevertheless, an even greater percentage of the proposed rooms in this group would be Class A rooms, - 92 percent of the total. Only four percent of the rooms would be Class B and four percent would be Class C, and these are contained entirely in the S.S. Boston project, which faces some serious obstacles to its realization.

The proposed hotels, by class and predominant use, are summarized in Table XI-51.

#### Location of Proposed Hotels and Their Associated Market Areas

The locations of the proposed hotels are as revealing as any other type of information as to the market segment the hotels should serve. Even if hotel guests arrive at their

Table XI- 51

## PROPOSED DOWNTOWN HOTELS BY CLASS AND MAJOR USE

	<u>1985</u>			
	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Total</u>
Business Visitor	1,850	484	0	2,334
Tourist	605	350	0	955
Convention	2,600	0	0	2,600
<b>Total</b>	<b>5,055</b>	<b>834</b>	<b>0</b>	<b>5,889</b>
		<u>1990</u>		
Business Visitor	950	0	0	950
Tourist	865	173	173	1,211
Convention	2,000	0	0	2,000
<b>Total</b>	<b>3,815</b>	<b>173</b>	<b>173</b>	<b>4,161</b>
<b>TOTAL</b>	<b>8,870</b>	<b>1,007</b>	<b>173</b>	<b>10,050</b>

hotels by car, and many do not, they tend to get around the city either on foot or take public transportation or taxis. Consequently, it is generally important that hotels be convenient to the hotel guests' major destinations in Boston.

Existing and proposed hotels are shown on the map on page XI-3, within the market area with which they are associated. These market areas are important visitor destinations and generators of hotel demand.

1. Logan Airport: A hotel has been proposed for the air rights over the MBTA, Logan Airport Station. Transportation terminals are traditional locations for hotels (though because Logan is so close to downtown Boston compared to the locations of airports to the downtowns of other cities, there may be relatively less demand for hotels than has been the case at airports in other cities). The proposed hotel would join the Logan Airport Hilton and Ramada Inn-Logan Airport in serving this market area.
2. Massachusetts General Hospital and Charles River Park: The downtown Boston market areas - such as Massachusetts General, Government Center, Midtown, the Financial Area, and the Waterfront - are all within walking distance of each other and guests of hotels in any area can easily reach destinations in others. However, there are some specific destinations within each which generate hotel demand - such as Mass. General Hospital. The Holiday Inn which presently serves the area does a large portion of its business as a result of its proximity to the hospital, housing visiting doctors and ambulatory hospital patients. The new hotel proposed for Lomasney Way and Staniford Street site would also serve this market.

- 3 & 4. Government Center and the Financial Area: These two districts have undoubtedly the highest concentration of enterprises and government offices of any area in the City. They are the heart of Boston's service sector economy and the areas where new office building construction is likely to occur. We would expect demand from business-related travel to be strong in these areas. At present, only the Parker House and Essex Hotel are located here, but there have been quite a few proposals for new hotels in the area. These include the Dewey Square and South Station hotels, the hotels proposed for the old Federal Reserve building and the Fairmont hotel proposal for a site on Broad Street.
5. Waterfront Area: As a result of the considerable investment to revitalize the waterfront, the area has become a new destination for Boston visitors. Quincy Market, the renovation of buildings on the old wharves, new housing construction, the development of Waterfront Park, and the area's proximity to cultural institutions and tourist destinations, have made the area a most desirable location for a hotel. Two have been proposed: one for a site in Dock Square and one for a site by Long Wharf.
6. Midtown Area: In the first half of the century, this was a major hotel section in Boston. It is now served by the Park Plaza, Howard Johnson's "57", and Bradford Hotels. With the relative decline in the number of enterprises in this area, it is not as important a destination as it once was. However, the proposed new investment in the area - for instance, the expansion of Tufts New England Medical Center and the development of the theater district among others - should stimulate demand in the area. A hotel is being considered for a site opposite the Public Garden at Charles Street.

7. Hynes Auditorium: Hynes Auditorium, Boston's main convention facility, is a considerable generator of hotel demand. No less than six hotels are located within several blocks of Hynes. Of course, there are other important destinations in this area, such as the enterprises in Prudential Center and the business visitors they generate, as well as the many cultural, educational, and religious institutions in the vicinity. Three hotels have been proposed for the area: one for the air rights over Mass. Turnpike land in Copley Square, one in Prudential Center, and a third on Dalton Street, opposite the Sheraton Hotel site.
8. Kenmore Square: This area also contained many hotels in the first half of the twentieth century, none of which are operating as hotels today. The proposed extension to Howard Johnson's Motor Lodge in Kenmore Square would serve Boston University and Fenway Park visitors, among others.
9. Charlestown Navy Yard: It is anticipated that the Navy Yard would become a market area, following the considerable investment in housing and cultural institution development that is planned for the area. A hotel is also proposed as part of the long-range redevelopment.
10. Fort Point Channel: Also a district that presently does not contain any important generators of hotel demand, the area could be dramatically transformed in the next ten years if the public and private improvements for the area now under consideration are made. (Commonwealth Pier is located here, but it is mainly used for exhibitions which are attended by local people, such as consumer shows). Several hotels have been proposed, including one on Penn Central land below Northern Avenue, one on a waterfront site near Anthony's Pier Four restaurant and one for berthing a ship converted to a hotel alongside Commonwealth Pier.

## XII. MATCH OF DEVELOPER PROPOSALS WITH PROJECTED HOTEL DEMAND; POSSIBLE DEVELOPMENT SCENARIOS

The extraordinary nature of the demand perspective for hotels in Boston is equally matched by a noteworthy roster of developer proposals. A projected demand for 10,087 new hotel rooms plus replacement of 1,125 by 1990, is paralleled by the proposed development of 10,050 hotel rooms. With hindsight, the magnitude of the developer proposals should come as no surprise in the light of the high current occupancy rates, the unsatisfied present need, the prospects for demand growth as outlined in earlier pages of this study, and the strong, recent signs of city well-being - population stabilization, employment recovery, and fiscal improvements - all of which enhance the investment climate. Complementing these factors are the resurgence of Downtown development and the Mayoral decision to again provide tax incentives for new development.

Though one set of the alternative demand scenarios (IV-B) has been selected to identify the nature of the future perspective, it is significant to note that even the most modest of the alternatives foresees a need to double Boston's number of hotel rooms, by 1990, to meet the anticipated demand. The projection of demand - which best corresponds to a vision of a thriving City of Boston (IV-B) looks toward a need for doubling of the number

of hotel rooms by 1985, - an increase of 7,057 rooms, including the replacement of 1,125 rooms, and the further growth in demand by 4,155 hotel rooms, by 1990.

The developer proposals fall into a roughly similar pattern with respect to target dates. Among the proposed hotel construction projects are thirteen with 5,889 hotel rooms among them in sites ready for development, which have the potential for being completed by 1985; and 4,161 hotel rooms in sites requiring more lead time for infrastructure and economic development, and the maturation of demand. Developer proposals for Fort Point Channel, Charlestown Navy Yard, and the Prudential Ring Road might be included in this latter category.

In reality, the pattern of emergence of demand, and the roster of developer proposals is likely to vary over time in comparison with the present best knowledge. Some developer proposals are likely to falter and new ones will surely be presented. In addition, the lead-time for hotel design, public approvals, financing arrangements, construction, and management leasing and staffing involves two to five years, highlighting the urgency of forward planning.

The match of projected new and replacement demand (11,212 rooms) and proposed developer supply (10,050 rooms) reveals a shortfall of proposals for tourist accommodations, with demand projections suggesting a need for 2,743 tourist hotel rooms

matched by developer proposals for 2,166 rooms in six proposed hotels and additions aimed predominantly at the tourist trade. See Table XII-53. On the other hand, projected demand for an added 3,344 hotel rooms for business visitors is matched with developer proposals for the construction of 3,284 rooms in eight proposed hotels catering mainly to business visitors. Similarly, convention delegate and replacement demand (mostly in close proximity to Hynes Auditorium), totalling 4,000 new and 1,125 replacement hotel rooms, respectively, is matched by developer proposals for 4,600 rooms in five hotels oriented principally to convention use, including two in the Fort Point Channel area, which is also the site of a proposed convention center.

The hotels to be developed in Boston by 1985 and 1990 should be of a type and class matching the projected demand; but also their construction should be phased so as not to cause an imbalance between supply and demand during this period and negatively affect the viability of existing hotels. The hotels which have been proposed will consequently be analyzed in terms of when they might be needed, and in the light of prospective demand in the market area they intend to serve.

Table XII-53

MATCH OF PROJECTED HOTEL DEMAND AND  
 DEVELOPER PROPOSAL SUPPLY, 1977-90  
 (Number of Rooms)

<u>Market Segment</u>	<u>Projected Increase In Demand</u>	<u>Developer Proposals (By Predominant Use)</u>		
Total	11,212	10,050		
Business	3,344	3,284		
		Federal Reserve	250	
		Lafayette Place	450	
		Rose Assoc. Dewey Sq.	800	
		Dalton St.	350	
		So. Station MBTA	500	
		Park Sq. (Lex Hotel)	450	
		Howard Johnson		
		Kenmore Sq. Add.	100	
		West End Hotel	384	
Tourist	2,743	2,166		
		Waterfront	395	
		Blackstone Block	160	
		Ritz-Carlton Add.	50	
		Airport MBTA	350	
		Charlestown		
		Navy Yard	500	
		S.S. Boston	711	
Convention and Replacement	4,000	4,600	Copley Sq.	
	1,125		Air Rights	800
		Prudential		
		Ring Road	1,000	
		Fairmont Hotel	600	
		Anthony Athanas	1,000	
		Broderick-		
		Penn Central	1,200	

Meeting the Demand in the Period to 1985

The projected demand for 7,057 additional hotel rooms by 1985, includes a present deficit of 1,830 rooms, the need to replace an estimated 1,125 rooms, and growth in the requirements of business visitor, tourist, and convention delegate needs for 4,102 additional rooms. The projected demand would be satisfied, in major part, by a combination of "firm" proposals for 2,589 rooms in eight hotels, those which might be ready to start construction within a year or eighteen months and be ready for operation in 1981 or 1982, and proposals for 3,300 rooms in five hotels which may take two to five years to get started and be ready for operation between 1982 and 1985.

See Table XII-74.

The match between projected demand and developer proposals in the period to 1985 suggests good prospects for phasing development as demand evolves, by market segment and location.

With business visitor demand projected to grow by 2,290 hotel rooms by 1985, including a present estimated deficit of 375 hotel rooms, "firm" developer proposals for four hotels would initiate construction of 1,184 rooms in a year to eighteen months, and an additional 1,150 rooms in two to five years. One-third of the rooms are in Class B hotels and these projects should be encouraged from the standpoint of diversifying the class of accommodations offered in Boston.

Table XII-54

MATCH OF PROJECTED HOTEL DEMAND AND  
 DEVELOPER PROPOSAL SUPPLY, 1977-85  
 (Number of Rooms)

Market Segment	Projected Increase In Demand	Developer Proposals (By Predominant Use)	
		Likely Starting Dates 1979-80	1980-83
<u>Total</u>	<u>7,057</u>	<u>2,589</u>	<u>3,300</u>
Business	<u>375</u> <u>Deficit</u> <u>1,915</u> <u>New</u>	<u>1,184</u> Federal Reserve 250 Park Sq. (Lex) 450 Howard Johnson Kenmore Sq. 100 West End 384	<u>1,150</u> Rose Assoc. 800 Dewey Sq. Dalton St. 350
Tourist	<u>605</u> <u>Deficit</u> <u>1,287</u> <u>New</u>	<u>605</u> Waterfront 395 Blackstone Block 160 Ritz-Carlton Addition 50	<u>350</u> Airport MBTA 350
Convention & Replacement	<u>850</u> <u>Deficit</u> <u>900</u> <u>New</u> <u>1,125</u> <u>Replacement</u>	<u>800</u> Copley Sq. 800 Air Rights	<u>1,800</u> Fairmount Hotel 600 Broderick- 1,200 Penn Central

A significant aspect of the four proposed hotels with business visitor use predominating, and ready to start in a year to eighteen months, is the diversity of their location and associated market. The Federal Reserve Building site in the financial district, with a 250-room hotel planned, is in a prime business visitor market. The 450-room Lex Group hotel proposed for a site fronting the Public Garden in Park Square is aimed at the very elegant luxury market, complementing the role of the Ritz-Carlton. The West End hotel proposal for 384 rooms would serve visitors to Mass. General Hospital and Government Center, expanding the role of the Holiday Inn. The proposed addition to Howard Johnson in Kenmore Square would meet the growing needs of visitors to Boston University, Fenway Park, and the Museum of Fine Arts.

Two additional proposals, with business visitor use dominant, and likely to start in two to five years, are the Rose Associates planned hotel of 800 rooms in Dewey Square in the financial district, and a hotel of 350 rooms proposed for Dalton St. in the Back Bay.

In the case of the projected growth in tourist demand for 1,892 new hotel rooms, including a present deficit of 605 hotel rooms, "firm" developer proposals for three hotels to start construction in a year to eighteen months would just suffice to meet the present deficit. These include the Blackstone Block

and Waterfront Hotel with 555 rooms between them. Both are well located for tourists, as well as business visitors. Although they are Class A hotels, they will hopefully offer special rates for tourists, such as tour or week-end packages, that will also make them affordable to the non-luxury portion of tourist demand. The third project in the advanced planning stage is the Ritz-Carlton which is planning to add fifty more rooms to accommodate its very special brand of visitors. A proposed hotel of 350 rooms at Logan Airport over MBTA air rights, could start in two to three years.

Unfortunately, there are no other exclusively tourist-oriented hotel proposals in the advanced planning stages to meet the projected new demand for 1,287 rooms. Either this segment of demand will be satisfied by new suburban hotel construction or perhaps a new hotel proposal will be made in the future for the type of simply furnished, inexpensive hotel that would attract the demand from this market. Alternatively, the shortfall could be accommodated if the timing of a planned hotel at the Charlestown Navy Yard, or the conversion and installation of the S.S. Boston could be advanced forward from the present prospect for development after 1985.

Convention delegate and replacement demand for 2,875 hotel rooms, by 1985, including a present deficit of 850 hotel rooms and replacement needs for 1,125 hotel rooms, would be matched by developer proposals for one hotel with 800 rooms in Copley Square for which construction could begin in a year to eighteen months, and two proposed hotels with 1,800 rooms expected to begin in two to five years. These include the Fairmont with 600 hotel rooms proposed for a site in the financial district and the Broderick-Penn Central, with 1,200 rooms to be constructed in two phases, in the Fort Point Channel area.

Since Hynes will continue to be Boston's main convention facility in the near future, a portion of the convention-oriented rooms should be located in its vicinity. A large hotel here could both share in the demand for hotel rooms generated by Hynes, as well as develop its own market of group meetings based in the hotel. It would compete with the Sheraton and the Copley Plaza for this latter market. There would appear to be great potential, however, for increasing the share of the hotel-based group meetings which Boston captures. Of the 7,000 national conventions listed with the International Association of

Convention and Visitors Bureaus, 6,500 meet solely within a convention hotel. Boston presently attracts an average of about 100 national conventions per year or less than two percent of the market yearly. Indeed, the convention room sales projections are based on the assumption that Boston will increase its yearly share of this market.

Among the five convention-oriented hotel proposals, the Copley Square Air-Rights proposal, with 800 rooms, which could start in a year to eighteen months, most recommends itself for early completion from the standpoint of convenience to Hynes and size. If a Hynes expansion is in process, the City would also need a second large hotel to be completed in time for its opening. The proposed Broderick-Penn Central hotel would establish a second major convention center for Boston. The Broderick proposal - with the exceptional meeting facilities planned for it -, would begin to generate its own market as a convention center in Boston and is a recommended project. An exhibition hall with 50,000 square feet is planned for this project. The Fairmont Hotel is another convention-oriented hotel which might be constructed by 1985.

In summary, there appears to be a good prospect for an almost ideal phasing of development by market segment, by location, and by likely starting date, with virtually no two hotels going up in the same area to capture the same market at the same time.

#### Planning for Demand in the 1985-90 Period

From 1985 to 1990, hotel demand is projected to grow by 4,155 rooms, and would be matched by proposals which may be ready for implementation in that period, for the development of 4,161 rooms in six hotels. See Table XII-55. The prospective match between demand and supply, by market segment and location, appears to be good, as was the case for the 1977-85 period. The exception is a potential catch-up in the supply of tourist hotels in the 1985-90 period, complementing the projected shortfall in supply in the 1977-85 period, suggesting the desirability of encouraging the acceleration of construction plans. It is likely that new proposals for hotels will also be made. All proposals should then be evaluated critically, in view of the segment of demand each hotel primarily expects to serve, its class, changes in the attractiveness of locations for hotels, and alternative uses of site.

Table XII-53

MATCH OF PROJECTED HOTEL DEMAND AND  
DEVELOPER PROPOSAL SUPPLY, 1985-90

<u>Market Segment</u>	<u>Projected Increase In Demand</u>	<u>Developer Proposals (By Predominant Use)</u>	<u>Likely Starting Dates</u>
		<u>1985-90</u>	
Total	<u>4,155</u>	<u>4,161</u>	
Business	<u>1,054</u>	<u>950</u>	
		Lafayette Place	450
Tourist	<u>851</u>	South Station MBTA	500
		Charlestown Navy Yard	500
		S.S. Boston	711
Convention	<u>2,250</u>	<u>2,000</u>	
		Prudential Ring Road	1,000
		Anthony Athanas	1,000

To satisfy the projected increase in business visitor demand for 1,054 hotel rooms, the Lafayette Place proposal for a hotel of 450 rooms and the South Station MBTA proposal for 500 hotel rooms could be constructed. Both are well located for business visitors to Boston.

To meet the growth in tourist demand, the Charlestown Navy Yard redevelopment program may have progressed sufficiently, by 1985, so that the 500-room tourist hotel proposed for this location could be constructed. By this date, the S.S. Boston, with a planned 711 rooms, could be renovated and installed. While the present plans for the Charlestown project call for a luxury-type property, a moderately-priced hotel should be considered in its stead (particularly if the S.S. Boston is developed with its 365 luxury rooms) to provide a better balance in the range of prices for tourist-oriented hotel rooms in Boston.

For convention-related demand projected to increase by 2,250 rooms between 1985 and 1990, the proposed Prudential Ring Road hotel in Back Bay and the planned Anthony Athanas hotel in Fort Point Channel could provide 1,000 rooms each. The Fort Point Channel area may, by 1985, be experiencing new investment in manufacturing concerns, as well as residential and office development, and consequently, have become more

of a business visitor destination. Sometime between 1985 and 1990, an entirely new exhibition hall could be built to achieve Boston's potential role as a more major convention city. With 2,200 Class A hotel rooms, and a 150,000 square foot exhibition hall, all within a ten-minute taxi ride from Downtown Boston, the Fort Point Channel area would emerge as a major east coast convention center.

### XIII. IMPACT OF THE HOTEL INDUSTRY ON THE BOSTON ECONOMY

The hotel industry in Downtown Boston is an essential element for the role Boston plays as the financial, commercial, and institutional center of New England economy. High quality lodging is required for the thousands of business, tourist, and convention visitors to Boston; business visitors in particular are a key component in the functioning of the economy. In addition to the lodging function, the hotel industry also provides a significant stimulus to the economy of Boston in terms of employment, payrolls, sales, and tax revenues generated. In this chapter, the impact of the expenditures of hotel guests on the Boston economy, as well as the impact of the expenditures of all visitors to the City, will be examined.

Hotel room sales are the most direct measure of the effects of the hotel industry on the economy but hotel sales account for only one-third of total expenditures by hotel guests in Boston. Other expenditures generate demand for restaurants, bars, retail, and other commercial establishments. The percentage composition of expenditures by visitors staying in the commercial lodging in Boston is presented in Table XIII-56.

The hotel sales component of expenditures was \$74,161,642 in 1977. Total hotel sales and State hotel tax revenues collected in Boston have increased at an annual rate of more than twenty percent since 1974. See Table XIII-57.

Table XIII-56

PERCENTAGE COMPOSITION OF AVERAGE DAILY EXPENDITURES PER VISITOR  
STAYING IN COMMERCIAL LODGING IN BOSTON, 1976

Lodgings	32.4
Eating and Drinking Establishments	32.4
Grocery Stores	2.4
Liquor Stores	2.1
Gas Stations	6.8
Local Public Transportation	4.5
Amusements	4.5
Other	14.8
Total	100.0

Source: BRA Research Department/ Cournoyer and Kindahl  
Travel and Tourism in Massachusetts, 1976, An Economic Analysis, 1977, Tables 25 and 27.

Table XIII-57

TAXABLE HOTEL SALES AND HOTEL TAX REVENUES IN BOSTON

	<u>Hotel Sales</u>	<u>State Hotel Tax</u>
1974	\$42,259,140	\$2,408,771
1975	46,839,103	2,669,829
1976	70,070,456	3,994,016
1977	74,461,642	4,244,314

Source: BRA Research Department from Cournoyer and Kindahl, Tables 156 and 157.

The total hotel payroll in Boston in 1977 was over \$30 million and the average reported compensation was \$6,924 per employee. The nineteen major Downtown hotels currently employ 4,402 people. There is an average of one hotel job for 1.6 hotel rooms and approximately one job for each 1.4 rooms in the Class A hotels. Of the 4,402 employees, 21 percent have jobs requiring a high skill level, 20 percent have a medium skill level, and 59 percent are low-skilled workers. The percentage of higher skilled workers is greater than is commonly perceived. The hotel industry does employ a large percentage of workers with low skill levels who are not qualified for other jobs including the segment of the labor force with the highest unemployment rates - minorities, women, and the young.

Table XIII-58

## SKILL LEVELS OF EMPLOYEES OF HOTELS IN DOWNTOWN BOSTON

	<u>Number</u>	<u>Percent</u>
High Skill	933	21.2
Medium Skill	876	19.9
Low Skill	2,593	58.9
Total	4,402	100.0

Source: BRA Research Department and  
 Massachusetts Division of Employment Security,  
 "Occupational Estimates", December 1977.

The occupational distribution of the hotel work force is shown in Table XIII-59.

Table XIII-59

## OCCUPATIONAL DISTRIBUTION OF EMPLOYEES OF HOTELS IN DOWNTOWN BOSTON

	<u>Percent</u>	<u>Number of Employees</u>
Total Office Personnel	21.18	930
Managers and Officers	5.37	236
Accountants and Auditors	1.14	50
Accounting Clerk	1.19	52
Cashier	2.66	117
General Clerk	.57	25
Desk Clerk	7.02	309
Receptionist	.41	18
Secretary	1.10	48
Switchboard Operator	1.07	47
Switchboard Operator/Receptionist	.26	11
All Other Office Clerical	.12	5
Salesman	.14	6
Sales	.12	5
Public Relations	.01	1
Total Service Workers	70.67	3,112
Maid	18.25	803
Houseman	3.08	136
All Other Janitors	1.06	47
Guards, Watchmen	.74	33
Baker, Bread or Pastry	.01	1
Bartender	4.26	188
Busboy	4.34	191
Butcher and Meat Cutter	.01	1
Hostess, Restaurant or Lounge	.29	13
Kitchen Helper	6.07	267
Waiter/Waitress	21.10	929
Short Order Cook	1.58	70
Cook Restaurant	4.35	191
Bellman Baggage Porter	2.03	89
Foreman Non-working Service	.80	35
Housekeeper	1.90	84
Recreation Facilities	.03	1
Group Recreation	.03	1
Musician Instrumental	.05	2
Lifeguard	.39	17
Elevator Operator	.05	2
Checkroom and Lockerroom	.05	2
All Other Service Workers	.20	9

Table XIII-59  
(Continued)

	<u>Percent</u>	<u>Number of Employees</u>
Skilled Craft Workers and Laborers	7.93	350
Laundry Operator Small Establishments	2.20	96
Bus Driver	.03	1
Maintenance Man General	3.72	163
Painter	.74	33
Parking Lot Attendant	.05	2
Gardener and Groundskeeper	1.06	47
Shipping and Receiving	.01	1
Stock Clerk	.04	2
Carpenter	.01	1
All Other Skilled Craft Workers	.01	1
All Other Laborers	.06	3
 Rounding Error	.22	10
Total	99.78	4,402

Source: BRA Research Department, June 1978 from  
 Massachusetts Division of Employment Security,  
 "Occupational Estimates", December 1977.

Macro Effects of the Hotel Industry on the Boston Economy

In order to assess the impacts that the hotel industry and the expenditures of hotel guests have on the Boston economy, an analysis was made of the total effects the expenditures of guests in Boston hotels have on sales, payrolls, employment, and State tax receipts in Boston.

As seen in the summary of the impact of the hotel industry, Table XIII-60, total expenditures by hotel guests in Boston in 1976 were \$215,907,120.

Table XIII-60

## IMPACT OF THE HOTEL INDUSTRY IN BOSTON

Expenditures of Hotel Guests in Boston (1976)	\$215,907,120
Total Payrolls of Hotels in Boston (1977)	\$32,614,922
Total Employment of Hotels in Boston (1977)	4,710
State Hotel Tax Receipts in Boston (1977)	\$4,244,314

Source: BRA Research Department/Cournoyer and Kindahl  
Table 153 and DES data.

To determine the total effect of travel service expenditures on the economy, the direct, indirect, and induced effects must be taken into account. A comparison of the impact of expenditures in four types of industries are shown in Table XIII-61.

Table XIII-61

DIRECT AND INDIRECT  
IMPACT PER DOLLAR OF SALES OF  
FOUR SELECTED INDUSTRIES--1976

	<u>Travel Service</u>	<u>Shoes</u>	<u>Electrical Computing Equipment</u>	<u>Electrical Measuring Instruments</u>
Sales (Per \$ of Sales)	\$1.718	\$2.091	\$1.622	\$1.728
Income (Per \$ of Sales)	.852	.892	.700	.828
Employment (Per \$1,000,000 of Sales)	89	93	56	69
State Tax Receipts (Per \$1,000 of Sales)	109	57	50	53

Source: Cournoyer and Kindahl, Table IV-A.

Because of the higher labor intensity, more jobs per dollar of expenditure are created in travel-related industries than in two of the three selected manufacturing industries. In travel industries, sales of \$11,236 create one job. In electrical measuring instruments, sales of \$14,493 are required to create one job, and in electrical computing equipment, sales of \$17,857 are required.

Using the coefficients presented in Table XIII-61, the direct and indirect effects of the \$215,907,120 expenditures of hotel guests on total sales, personal income, employment, and State tax receipts in Boston were calculated. See Table XIII-62.

Table XIII-62

DIRECT AND INDIRECT EFFECTS OF EXPENDITURES OF  
VISITORS TO BOSTON STAYING IN COMMERCIAL LODGINGS ON  
SALES, INCOME, AND TAX RECEIPTS

	<u>1976</u>
Sales	\$370,928,430
Personal Income	\$183,952,870
Employment (Full-time Equivalent)	19,216
State Tax Receipts	\$23,533,876
City Property Tax Receipts	\$4,500,000

Source: BRA Research Department from Table XIII-61  
and Cournoyer and Kindahl, Table 153.

The \$23.5 million in State tax receipts generated by hotel guest expenditures compares to \$4.5 million in hotel property tax receipts received by the City of Boston, - a ratio of 5.2 to 1. State tax receipts include rooms tax, meals tax, sales tax, liquor excise tax, gasoline tax, income tax and corporate excise tax.

The travel industry as a whole has an even greater impact on the Boston economy than the hotel industry. Total expenditures for all visitors to Boston were \$314,773,470 in 1976. Employment in travel-related industries generated by these expenditures was 13,881 in 1976 which was 3.6 percent

of total employment in Boston. In an exercise similar to the one presented in Table XIII-62, the direct, indirect, and induced effects of the expenditures of all travelers on the Boston economy were computed. See Table XIII-63.

Table XIII-63

DIRECT AND INDIRECT EFFECTS OF  
ALL TRAVELER EXPENDITURES ON  
SALES, INCOME, EMPLOYMENT, AND TAX RECEIPTS IN BOSTON

	<u>1976</u>
Sales	\$540,780,820
Personal Income	\$268,187,000
Employment (in full-time equivalent jobs)	28,015
State Tax Receipts	\$34,310,308

Source: BRA Research Department from Table XIII-61 and Cournoyer and Kindahl, Table 153.

In comparison with total personal income in Boston in 1976, personal income generated by traveler expenditures represented 6.5 percent. Employment generated was 5.6 percent of total employment in Boston and State tax receipts generated were 5.9 percent of all State taxes collected in Boston.



APPENDICES

Appendix I: Hotel Owners and Managers Survey

Appendix II: Methodological Notes

Appendix III: Listing of Boston Hotels: 1930-1978



## Appendix I

## HOTEL OWNERS AND MANAGERS SURVEY

A survey of the owners and managers of the nineteen hotels in Downtown Boston was conducted June 5-9, 1978, by Fran Larson and Charles Westfield of the BRA Research Department. The purpose of the survey was to gather information on the characteristics of Boston's existing hotel stock. The results of the survey provided the basis for much of the analysis in this report. The survey included questions on the number of rooms, price range for single and double rooms, age, extent of renovations during the last ten years and condition of the hotels. This information was used to determine the class of each hotel. The respondents were also asked to estimate the average annual occupancy rate as well as what proportion of the guests came from each market segment and their room rate preferences. Finally, respondents were asked to estimate the number of room sales the hotel lost each year due to 100 percent occupancy - used to calculate the present deficit; and the number of employees in their hotels - used to calculate workers per room.

Much of the information gathered from the Hotel Survey is presented in the following table (some data cannot be published by hotel because it was given confidentially).

**SUMMARY RESULTS OF HOTEL OWNERS AND MANAGERS SURVEY**

<u>Hotel</u>	<u>Opening Date</u>	<u>Age</u>	<u>Rooms Constructed</u>	<u>Rooms in 1978</u>	<u>Price Range</u>	<u>Single Double</u>	<u>Class</u>	<u>Major Use</u>	<u>Employees</u>	<u>Rooms Per Employee</u>	<u>Permanent Residents</u>
Boston Park Plaza	1927	51	1,200	800	\$30-36	\$36-42	B	C	375	2.1	0
Bradford Hotel	1927	51	350	322	27-32	32-38	C	I	70	4.6	7
Children's Inn	1968	10	82	82	31	33-35	B	B	75	1.1	0
Colonnade Hotel	1971	7	306	306	54-60	60-68	A	B	260	1.2	0
Copley Plaza Hotel	1912	66	450	450	44-61	52-69	A	B	420	1.1	4
Copley Square Hotel	1895	83	200	160	26-30	32-36	B	I	45	3.6	15
Essex Hotel	1900	78	400	300	17-22	22-28	C	B	45	6.7	60
Fenway Boylston	1956	22	94	28	36	B	B	B	50	1.9	0
Holiday Inn	1968	10	300	40-42	45-47	B	B	B	175	1.7	0
Howard Johnson's	1972	6	400	40-45	48-53	A	B	B	225	1.8	0
Howard Johnson's K.S.	1963	15	178	178	34-38	40-44	B	B	130	1.4	0
Lenox Hotel	1900	78	220	220	29-42	37-51	B	C	140	1.6	0
Logan Airport Hilton	1975	3	600	600	38-46	48-56	A	B	270	2.2	0
Midtown Motor Inn	1961	17	161	161	46	49	B	T	90	1.8	0
Parker House	1927	51	600	547	43-65	51-73	A	B	432	1.3	0
Ramada Inn-Brighton	1966	12	118	30-35	39-44	B	B	B	100	1.2	0
Ramada Inn-Logan	1972	6	209	209	38	45	B	B	150	1.4	0
Ritz-Carlton Hotel	1927	51	260	250	60-66	65-75	A	B	350	.7	8
Sheraton Boston	1965	13	1,428	1,428	35-53	56-65	A	C	1,000	1.4	1
<b>TOTAL.</b>			<b>7,556</b>	<b>6,925</b>					<b>4,402</b>	<b>1.57</b>	<b>95</b>

Source: BRA Research Department Hotel Survey/Larson and Westfield/June 5-9, 1978.  
 Major Use: Tourist (T), Business Visitor (B), and Convention (C).

## DISTRIBUTION OF EMPLOYEES BY CLASS OF HOTEL

	<u>Number of Employees</u>	<u>Number of Rooms</u>	<u>Rooms per Employee</u>
Class A	2,957	3,981	1.35
Class B	955	1,522	1.59
Class C	490	1,422	2.90
Total	4,402	6,925	1.57

## Appendix II

## METHODOLOGICAL NOTES

The following notes are provided to clarify calculations that were made in the report.

## NET INCREASE IN HOTEL STOCK SINCE 1971

1,613 Constructed  
-1,456 Lost

157 Net increase

	<u>Lost</u>
Somerset	300
Avery	140
Eliot	100
Madison	466
Diplomat	50
Statler Hilton	<u>400</u>
	<u>1,456</u>

Method for Calculating Room Sales by Market Segment

The yearly room sales of each hotel were calculated by multiplying the number of rooms in the hotel by the average occupancy rate for the year by the number of days in the year. The proportion of room sales to each market segment - business visitors, tourists, and convention delegates were estimated for each hotel from information gathered in the Hotel Owners and Managers Survey. The overall distribution of room sales to each market segment is the sum of the room sales by market segment at each hotel.

To translate annual rooms sales into hotel rooms at 70 percent occupancy:

$$\frac{\text{room sales}}{365} - .70 = \text{rooms}$$

Each of Downtown workers generate 3.6 overnight hotel room sales:

	<u>Rooms Sales to Business Visitors</u>	<u>Downtown Employment</u>	<u>Room Sales Per Worker</u>
1977	958,519	270,000	3.6

Estimated from 1977 ratio

Price deflator multipliers used:

1973	1.3357
1974	1.2181
1975	1.1112
1976	1.0595
1977	1.0000

Massachusetts Capture Rate

Massachusetts captured 2.3% of national tourism in 1976. U.S. Travel Data Center.

Total travel generated expenditures in the travel industry in 1976.

<u>U.S.</u>	<u>Mass.</u>	<u>Capture Rate</u>
\$115 billion	\$2.6 billion	2.3%

Travel is defined as trips of 100 miles or more and overnight trips of 50 miles or more.

Suffolk County Capture Rate

	<u>Visitor Days</u>		<u>Expenditures</u>	
	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>
Massachusetts	41,763,969	42,770,634	988,836,000	1,131,912
Suffolk County	6,818,264	9,456,601	201,233,000	317,953
Capture Rate	16.3%	22.1%	20.4%	28.1%

From Kindahl and Cournoyer Tables 1, 2, 5, 6, 148, 152, 153.

Percent of tourists to Boston staying overnight in commercial lodging. Take room sales and GBCTB tourist estimates with 1.56 tourists per room from Cournoyer and Kindahl, Tables 156 and 157.

	<u>Room Sales</u>	<u>Tourists Staying in Hotels</u>	<u>Total Tourists</u>	<u>Percent</u>
1975			5,600,000	
1976			5,700,000	
1977	399,383	623,037	4,800,000	13%
1977*	553,846	864,000	4,800,000	18%
1985	782,747	1,377,085	7,650,471	18%
1990	1,100,063	1,716,098	9,533,879	18%

Assume 1977-1985 6% annual growth rate  
1985-1990 4.5% annual growth rate

Cournoyer and Kindahl's percentages for the composition of daily expenditures in Massachusetts were applied to the average daily expenditures in Suffolk County from Tables 25 and 27.

Skill Levels of Hotel Employees

The skill levels of hotel employees were determined on the basis of an occupational skill code from the U.S. Department of Labor Dictionary of Occupational Titles. The three-digit skill code ranks occupations by the skill level of the occupation as related to each of three broad categories: Data, People, and Things. Each occupation is ranked from 0 to 8 by skill level in each of these three categories. The resulting three digit skill codes were used to designate occupations "High Skill" if the highest level in any of the categories was 0 or 1. If the highest skill level in any category was 2, 3, or 4, the occupation was designated "Medium Skill". If the highest skill level in any of the categories was 5, the occupation was designated "Low Skill". The skill assignments were made by Bill Flynn of the BRA Research Department.

Hotel Development Impact

The average development cost per hotel room (\$52,000) was determined by dividing the total of the development costs of six proposed hotels by the total number of rooms proposed. The total construction costs for the nineteen proposed hotels was estimated by multiplying \$52,000 by the 10,050 proposed. Forty-five percent of this construction cost was assumed to be wages and by dividing the construction wages by the average

wage per construction worker (\$17,000), the number of construction jobs created was estimated.

Hotel Rooms Compared with Metro Area Population

The distribution of selected large metropolitan areas by population and number of hotel rooms was plotted on Chart 5. The following ratios of rooms per 1,000 persons was used to place the metro areas on three rays: 20 rooms per 1,000 persons, six rooms per 1,000, and three rooms per 1,000.

<u>Metro Area</u>	<u>Rooms per 1,000 Persons</u>
Atlantic City	57
Atlanta	20
New Orleans	16
Miami	15
Memphis	12
Chicago	6
Washington, D.C.	6
Cincinnati	5.4
New York	4
Boston	3.6
Philadelphia	3.3

The ratio of total hotel guest expenditures to hotel sales was three to one in 1976. Based on a projected doubling of the average room rate by 1985 and an increase in the ratio of expenditures to hotel sales to four to one (due to increasing real personal income), room sales from the 10,050 proposed new rooms are projected to be \$143.8 million when completed

and total expenditures are projected to be \$575.2 million. Using the input-output table multipliers summarized in Table XIII-60, the State tax yield would be \$62.7 million, in-lieu-of tax payments to the City of Boston under the present tax structure would be \$15 million.

Appendix III

LISTING OF BOSTON HOTELS: 1930-1978

The following table is a listing of Downtown Boston hotels compiled from the Hotel and Motel Red Book. These numbers provide the basis for Table 1 and Chart 1.

## HOTELS IN DOWNTOWN BOSTON

<u>Name</u>	<u>Address</u>	Number of Rooms					
		1930	1940	1950	1960	1970	1978
Abbotsford Hotel	186 Commonwealth Ave.		100	100			
American House	Hanover Street	200					
Argonne Hotel	Bulfinch Place	220	220				
Arlington Hotel	423 Arlington Street	250					
Avery Hotel	24 Avery Street	135	135	200	200		
Beacon Chambers Hotel	Myrtle Street	350	370	370	71		
Bellevue Hotel	21 Beacon Street	350	370	300	300		
Bostonian Hotel	1138 Boylston St.						
Bradford Hotel (Elks)	275 Tremont Street		333	328	325		
Braemore Hotel	464 Commonwealth Ave.	225	225	225	225		
Broadway Hotel	315 Tremont Street		120	120			
Brunswick Hotel	520 Boylston St.	250	250				
Buckminster Hotel	645 Beacon Street	250	250	180			
Canterbury Hotel	14 Charlesgate West	135	138	138	138		
Charlesgate Hotel	535 Beacon Street	300	175				
Children's Inn	342 Longwood Avenue						82
Colonial Hotel	199 Mass. Avenue		75				
Commonwealth Hotel	86 Bowdoin Street			200			
Colonnade Hotel	120 Huntington Avenue						306
Copley Plaza Hotel. (Sheraton Plaza)	Copley Square	500	500	450	500		450
Copley Square Hotel	47 Huntington Avenue	360	153	153	200		
Crawford House	19 Scollay Square	100	100	100			
Diplomat Hotel	26 Chandler Street						
Elks Hotel	275 Tremont Street		350				
Eliot Hotel	370 Commonwealth Ave.						
Fengate Hotel	534 Beacon Street	150	150	150	150		
Fritz-Carlton Hotel	1138 Boylston Street	150	150		94		
Fenway Boylston Motor Hotel	1271 Boylston Street						94
Gardner Hotel	199 Mass. Avenue				65		
Garrison Hall Hotel	8-16 Garrison Street	200	200	200			
Gralyn Hotel	20 Charlesgate West	150	150				
Haymarket Hotel	North Station	50	50				
Hotel Hemenway	91 Westland Ave.	220	220	220			
Holiday Inn	5 Blossom Street						300
Hotel Essex	695 Atlantic Ave.	350	400	400	400		300
Howard Johnson's Motor Lodge	575 Commonwealth Ave.						178
Howard Johnson's	200 Stuart Street						400
Huntington Hotel	307 Huntington Ave.	60	60	60	56		
Kemore Hotel	490 Commonwealth Ave.	400	400	400	400		
Kimball Hotel	419 Columbus Avenue		125				
Lafayette Hotel	333 Commonwealth Ave.				125		
Lenox Hotel	710 Boylston Street	250	250	250	250		
Lincolnshire Hotel	20 Charles Street	150	150	150			220

HOTELS IN DOWNTOWN BOSTON  
(cont'd)

<u>Name</u>	<u>Address</u>	Number of Rooms					
		1930	1940	1950	1960	1970	1978
Logan Airport Hilton	Logan Airport						600
Lucerne Hotel	66 Causeway Street	78	78	78			
Manger Hotel (Madison)	78 Causeway	500	500	500	500		
Manor Hotel	168 Dartmouth Street				76		
Metropolitan Hotel	315 Tremont Street	150					
Milner Hotel	78 Charles St. South		145	105			
Midtown Motor Inn	465 Huntington Avenue						161
Minerva Hotel	214 Huntington Avenue	60	80	60			
Myles Standish Hotel	30 Bay State Road	530					
Our Lady's Guild Hse.	20 Charlesgate West			150			
Paramount Hotel	17 Boylston Street	100	100	100			
Parker House	60 School Street	600	600	600	600		547
Peter Bent Hotel	706 Huntington Ave.			100	100		
Pieroni Hotel	7 Park Square			40	40		
Pioneer Hotel	410 Stuart Street		178	178			
Princeton Hotel	1277 Commonwealth	94	94				
Puritan Hotel	390 Commonwealth	200	200	175			
Putnam Hotel	284 Huntington Ave.	80	80	80			
Ramada Inn-Brighton	1234 Soldiers Field Rd.						118
Ramada Inn-Logan	225 McClellan Hwy.						209
Ritz-Carlton	15 Arlington Street	300	300	275	275		250
Sheraton Boston Hotel	Prudential Center						1,428
Sheraton Hotel	91 Bay State Road		220	250	250		
Somerset Hotel	400 Commonwealth		300	275	300		
State Hotel	40 Bowdoin Street	120	110	110			
Statler Hilton	Park Square	1,300	1,300	1,300	1,300		800
Stuart Hotel	78 Carver Street			87			
Technology Chambers Hotel	8 Irvington Street	265	265	250			
Touraine Hotel	62 Boylston Street	280	300	300	300		
University Club	40 Trinity Place					81	
Vendome Hotel	60 Commonwealth	270	240	225	225		
Victoria Hotel	271 Dartmouth St.	100	150				
Westminster Hotel	Copley Square	250	250				
<b>TOTAL</b>		11,568	11,252	9,546	6,630		6,925

Source: Hotel and Motel Red Book/BRA Research Department



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